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NEWS SUMMARY

GENERAL

Labour, TUC set for state sales deal

The Labour Party and the TUC seem set to agree on a formula for renationalisation to prevent shareholders making profits when a future Labour Government bought back state assets sold by the Conservatives.

The plan, which would provide compensation, could involve shareholders in big losses if the market price had risen since the assets were sold. Back Page; Attempt to reopen Militant question, Page 6

Oil tanker sinks

Nine were feared dead when a 44,881-tonne oil tanker sank after an explosion about 750 miles east of Bermuda. The other 16 crew of the U.S.-registered Golden Dolphin were rescued.

Gulf peace hopes

Hopes of an end to the Gulf war were raised when an Islamic peace mission reported "a serious and positive" response by Iraq to its proposals.

Reagan address

Ronald Reagan will be the first U.S. President to address a joint session of parliament when he visits Britain in June. He will stay at Windsor Castle for two nights.

Glemp appeal

Polish Roman Catholic primate Archbishop Josef Glemp urged all elements of Polish society to make conciliatory efforts. Page 2

Pope's pilgrimage

The Pope will visit the Fatima shrine in Portugal on May 13, first anniversary of the attack on his life, to give thanks for his escape.

Seal cull opens

Canada's seal cull began off Quebec's Magdalen Islands. The first day's kill was put at 400-600 pups.

Reactor shutdown

A reactor at the Oconee nuclear station, South Carolina, was shut after a leak was found in a steam generator tube. Duke Power, the operators, said no radioactive material was released.

Jockey dies

Jockey John Thorne, 55, died after falling at a weekend point-to-point meeting in Oxfordshire.

Davis cup defeat

Italy beat Britain 3—2 in their first round Davis Cup tie in Rome.

Tents for Tonga

Britain is sending 14 tons of tents — worth about £100,000 —to cyclone-hit Tonga.

Egypt showboat

Egypt displayed for the first time a boat believed to be the world's oldest. It was buried near the Great Pyramid at least 47 centuries ago.

Steel appeal

Liberal leader David Steel was voted best-dressed male MP in a poll for tailors Mr Harry.

Briefly . . .

Three died when their car hit a lamp-post on the M8 near Glasgow Airport.

Potholer was rescued after being trapped for five hours near Hubberholme, North Yorkshire.

Guatemalans voted in presidential and congressional elections.

FINANCIAL TIMES

We apologise to readers who did not receive a copy of Saturday's Financial Times. The shortage was due to production difficulties.

BUSINESS

9 unions agree on BSC plans

● BSC has reached agreement on new working practices with nine of the 10 unions at its Ravenscraig, Scotland, works. But it faces a potentially explosive situation today when it attempts to introduce the new measures without the approval of the biggest union, the Iron and Steel Trades Confederation. Page 6

● DOCKERS LEADERS called for a 24-hour national strike in protest at reorganisation plans for the National Dock Labour Board. Back Page

● EQUITY'S decision to apply for Government funds to pay for postal ballots threatens TUC's attempted unity against employment legislation. Back Page

● THE BELGIAN franc fell sharply within the European Monetary System last week despite its recent 8½ per cent devaluation. The attraction of the franc was further undermined by a one point cut in the Belgian discount rate to 13 per cent on Wednesday. The Dutch guilder rose to the top of the system, replacing the Danish krone, with Dutch interest rates unlikely to fall before a cut in West German rates. The latter were left unchanged after the bank's fortnightly meeting on Thursday and the D-mark remained the weakest member of the system followed closely by the Italian lira and the Belgian franc.

The chart shows the two constraints on European Monetary System exchange rates. The upper grid based on the weakest currency in the system defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from the "central rate" against the European Currency Unit (ECU) itself a basket of European currencies.

● ICI is increasing its coal consumption 50 per cent and may boost it to more than 1m tonnes, four times the present level, to cut its rising oil and gas bills. Page 5

● HEAVY LORRY proposals to go before Parliament soon are likely to set an upper legal limit of 38 tonnes, instead of the 40 tonnes proposed by the White Paper. Page 6

● JAPAN is being used as a scapegoat by Western countries for their failed economic and trade policies according to the director of the General Agreement on Tariffs and Trade, Mr Arthur Dunkel. Page 3

● SPONGE IRON plant costing $450m (£246m) is to be built by a consortium of eight Japanese companies, led by Nippon Steel, and Hicom, the Malaysian Government's Heavy Industries Corporation. Page 3

● TADDALE INVESTMENTS has sold Platonoff and Harris, the specialist joinery company, to Dhamai Holdings, the former tea group, for 60 per cent (1.16m) of Dhamai shares. The new group will be called P H Industrials. Page 16

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Opec leaders agree cut in oil output to maintain prices

BY RICHARD JOHNS IN LONDON AND PATRICK COCKBURN IN DUBAI

LEADING members of the Organisation of Petroleum Exporting Countries have agreed to reduce their collective output from about 20m barrels a day to 18.5m b/d in an effort to maintain a basic reference price of $34 a barrel.

An emergency session of Opec has been scheduled for Vienna on March 19 on the basis of an understanding to this effect reached in Doha, Qatar, at the weekend where the oil ministers of the seven Arab member states held talks with their Indonesian and Nigerian counterparts.

Central to the accord is a Saudi decision to lower the ceiling on production from its main fields from 8.5m b/d to 7.5m b/d. But it was not clear what immediate effect the restriction would have on the oil glut.

Output of the Arabian American Oil Company had already dropped to about 7.2m b/d towards the end of last month, according to well-informed reports. Sheikh Ahmed Zaki Yamani, Saudi Minister of Oil, had puzzled industry analysts by saying that his country's production had averaged just over 8.5m b/d in both January and February.

There was no clear indication as to which other member states of Opec would reduce production. The United Arab Emirates, Indonesia and Venezuela had been considered the most likely volunteers. But Dr Mana al Otaiba, UAE Minister of Oil, was quoted yesterday as saying his Government did not intend to cut its rate of 1.4m b/d.

Mr Tayeh Abdul-Karim, Iraqi Minister of Oil, revealed that Iran's allocation had in fact been increased.

Nevertheless he told a press conference after the Doha meeting that he and his colleagues expected pressures on prices to ease in two or three months.

He also accused oil companies of flooding the market by 4m b/d, in the process pushing down demand for Opec's output.

Dr Otaiba voiced the same opinion, saying: "I hope the oil companies will stop their destocking. Otherwise Opec will not forgive them."

Sheikh Yamani said that the Saudi decision on a lower import ceiling had been taken two weeks ago following a visit to the Kingdom by Sheikh Ali Khalifa al Sabah, Kuwaiti Minister of Oil. His expectation had been that market forces would have led to a drop in his country's output but "unfortunately it did not work on Saudi Arabia."

He expressed confidence in maintaining a $34 reference price and doubted the need to hold an extraordinary conference. Sheikh Yamani also described the fall in spot price for non-contract oil as "just a temporary thing in the market."

Opec is showing dogged reluctance to accept market factors which led the British National Oil Corporation last week to cut the price for North Sea crude by $4 per barrel, from $35 to $31. On this basis the Opec reference should be $28.50-$29, according to industry calculations.

The meeting scheduled for Vienna has been billed only as a consultative conference. Members are apprehensive about a debacle similar to the one which occurred in Geneva last August when Opec failed to agree upon a unified price structure, an objective only achieved in Geneva in November.

À Court raises ACC bid

BY JOHN MOORE, CITY CORRESPONDENT

AUSTRALIAN entrepreneur Mr Robert Holmes à Court has mounted a new takeover bid for Associated Communications Corporation which places a value of more than £52m on the entertainments group built up by Lord Grade.

Under the rules of the City Code on Takeovers and Mergers Mr Holmes à Court was obliged to revise his offer to take account of the new and highest price he was prepared to pay for the shares, and to announce the new bid immediately.

TVW Enterprises, an associate company of Mr Holmes à Court's master company, the Bell Group, acquired 925,000 non-voting shares in ACC last week at prices of up to 95p a share. This was 5p higher per share than Heron's last offer, and 10p more than an earlier increase by Mr Holmes à Court.

The Ttakeover Panel is investigating the circumstances surrounding the purchase of the 925,000 shares in London, and the delay in announcing the bid.

Barclays Merchant Bank, advisers to Heron Corporation, which complained about the build-up of the Australia's stake, was meeting Mr John Higgett, director-general of the Takeover Panel, last night.

Directors of ACC were told of the surprise move by the Australian on Saturday. This is his third announced takeover bid for the company.

The bid is nearly £3m higher than the £49m offered by Heron Corporation, the private company headed by Mr Gerald Ronson. It follows an aggressive round of share buying in London by Mr Holmes à Court's business interests last week.

TVW Enterprises holds nearly 53 per cent of ACC's non-voting shares. The Bell Group holds over 2 per cent of the crucial voting shares.

Under the terms of the bid Mr Holmes à Court is offering the 11,000 or so holders of non-voting shares 95p a share in cash.

Holders of the important voting shares, held largely by ACC directors, will receive a price for their shares carefully related to a formula in the articles of association.

They could receive about £3.50 for each of their shares.

In all, ACC has received five takeover bids, three from Mr Holmes à Court and two from Heron Corporation, in one of the hardest-fought takeover battles the City has seen.

Heron Corporation has yet to declare its hand since these latest developments. It hopes to send its offer document detailing its 90p a share cash bid to ACC shareholders on Wednesday.

Mr Michael Peterson, director of Barclays Merchant Bank, said yesterday: "We would like to see the colour of Mr Holmes à Court's offer document before saying what we will do."

Tory revolt on Budget unlikely

BY PETER RIDDELL, POLITICAL EDITOR

SIR GEOFFREY HOWE, the Chancellor, looks set to avoid the major revolt by Tory backbench MPs over his Budget statement tomorrow which earlier appeared possible.

All the signs at Westminster are that both the overall balance of the Budget and the detailed proposals will be pitched so that most of the 30 MPs critical of the Government's strategy, the so-called "wets," will support Sir Geoffrey, however grudgingly.

One leading "wet" said yesterday, that while he expected the Budget to be much less expansionary than he would like, there would be nothing to oppose and something, if not enough, for industry.

The expected mixture of modest tax relief and industry aid will be welcomed by the big group of Midlands Tory MPs, many of whom were restless after the last Budget.

There will also probably be none of the sharp criticism of Sir Geoffrey by other Ministers which followed the unexpectedly tough Budget last year.

Considerable pressure will be put on Tory MPs not to rock the boat ahead of the by-election on March 2 in Glasgow Hillhead where Mr Gerry Malone, the party's candidate, is seen as having a fighting chance in defending the seat against Mr Roy Jenkins for the SDP/Liberal Alliance.

The SDP is keen to secure a Tory defector after the Budget —as the party did last year in Mr Christopher Brocklebank-Fowler.

SDP leaders are hopeful of winning over one or two of the hardcore of disillusioned Tories such as Mr Hugh Dykes, Mr David Knox and Mr Robert Hicks. But, speculation has died in recent weeks and there is no longer talk of six defections as there was before Christmas.

Some of the dillusioned Tories are known to have been considering resigning the Whip and sitting as independent Conservatives but again the number is tiny.

The "wets" will discuss after the Budget whether to put down amendments to the Finance Bil but this has become less likely in the last fortnight.

MPs and ministers also expect that Sir Geoffrey will bow to the susceptibilities of many backbenchers and drop his December proposal to save 2 per cent on unemployment benefit as a result of the underestimation of inflation last year.

Reconciliation was indicated in a speech on Friday by Mr Norman St John Stevas, a former Cabinet minister and prominent "wet," who highlighted the narowing of differences over economic policy within the Conservative Party.

● Mr Bryan Magee, MP for Leyton, is set to become the 28th member of the SDP's parliamentary group after resigning from the Labour Party in January. Since, he has been talking to the local SDP organisation before applying for the Whip in Parliament.

Howe's strategy, Back Page

Natal/Zulu power-sharing plan

BY J. D. F. JONES IN JOHANNESBURG

AN INDEPENDENT, multi-racial commission has recommended that blacks and whites should share power in one of South Africa's four provinces.

The commission's keenly awaited report, which will influence the debate on the country's future constitution, also warned of the growing potential for violent confrontation.

The commission, established by chief Gatsha Buthelezi, leader of South Africa's biggest tribe the Zulus, has proposed a joint executive to run Natal and the Zulu homeland of Kwazulu.

Blacks and whites should be equally represented and there should also be a legislative assembly elected by universal adult suffrage, the report says.

Central to the seven-volume report, released yesterday, are the results of surveys which demonstrate that Black patience with the apartheid system is almost exhausted.

"While a revolutionary situation has not yet emerged in general terms, developments appear to point in that direction,' concludes the commission, whose report is characterised throughout by moderation.

Other findings include:

● "Political discontent and anger" in eight out of 10 blacks. "Actual militancy and an attitude of confrontation" in nearly four out of 10 blacks.

● The principle of universal suffrage is rejected by nine out of 10 whites and six out of 10 Coloureds and Indians.

● A majority of blacks say African National Council insurgents would receive "sympathy or co-operation."

● "The overwhelming majority of black respondents spontaneously predict violence or adult social unrest on a large scale if meaningful policy reform does not occur in the near future."

The Buthelezi Commission was set up in 1980 with a multi-racial membership of almost 50 distinguished politicians, businessmen and academics—through boycotted by the ruling National Party—to look into "an alternative regional constitutional arrangement."

It focuses on the relationship between the province of Natal and the tribal homeland of Kwazulu—whose chief minister, Chief Buthelezi, has refused to accept "independence" from the South Agrican Government. The commission acknowledges, however, that its work could be

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TANZANIA'S currency will be devalued by 10 per cent from today. Mr Charles Nyirabu, governor of the Bank of Tanzania, said the devaluation was "purely a domestic affair. It is not tied to any technical loans relationship."

Rise in U.S. spending estimates

By Anatole Kaletsky in Washington

THE REAGAN Administration has increased its estimates of public spending and, implicitly, of the 1983 budget deficit, by nearly $5bn (£2.72bn), Mr David Stockman, the Director of the Office of Management and Budget, has revealed to the Congressional Budget Committees. The change, though small, will increase congressional suspicion of the official estimates.

In a separate announcement on Saturday, Mr Donald Regan, the Treasury Secretary, said on television that the Administration might support repeal of the indexation of tax brackets—a device to protect planned tax cuts against inflation — which is due to come into effect at the beginning of the 1985 fiscal year.

He also said the controversial "tax leasing" provision in last year's tax reforms, which allows unprofitable companies to pass on their tax exemptions to companies paying taxes, may also be reconsidered.

The expected increase in spending relates to agricultural subsidies, now estimated at $6.8bn, against the $1.9bn in President Reagan's 1983 budget.

It means that the Budget deficit, on the Administration's assumptions, will now be $96.4bn in fiscal 1983 and not $91.5bn, as forecast.

It also suggests that the cost of agricultural subsidies may drive the 1982 deficit above $100bn, compared with the Adminstration's most recent estimate of $98bn, and the initial projection in last year's budget of $45bn.

Although the increase of $4.9bn, based on new estimates of crop harvests and the need for government stockpiling to maintain prices, is small in relation to the size of the budget deficit, it is bound to add force to the argument that official projections are over-optimistic.

The non-partisan Congressional Budget Office has calculated that even if the President's budget programme is not modified by Congress, the resulting budget deficit in 1983 will be $120.6bn.

The office predicted that the estimate for farm price subsidies would have to be raised by about $5bn.

Administration officials in Santa Barbara, California, where the President was taking a brief holiday, have been

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W. German metal union agrees to 4.2% wage rise

BY STEWART FLEMING IN FRANKFURT

IG METAL, West Germany's biggest trade union, struck a bargain with metal industry employers at the weekend which is expected to give 3.7m workers in the industry wage increases of between 4.2 and 4.5 per cent.

The preliminary settlement —the first breakthrough in this year's wage round — paves the way for agreements across the whole of West German industry. For the second consecutive year it will force workers to accept a decline in real income.

It is unlikely that workers in other big industrial sectors, or public service, will be able to negotiate wage contracts which give them bigger increases than the metal workers'.

The proposed increases in the metal industry, which are expected to average 4.2 per cent, compare with a likely consumer price inflation rate in West Germany this year of about 5 per cent.

Last year metal workers settled for close to 5 per cent while the inflation rate averaged more than 6 per cent.

The provisional settlement establishes a critical foundation on which economic policy-makers can build.

It has been apparent for some weeks that the Bundesbank, the West German central bank, has been awaiting the wage round's outcome before deciding how much room for manoeuvre it has to further lower West German interest rates.

The Bundesbank has indicated that modernisation would help to redistribute national income towards a corporate sector which has been suffering sharp declines in profits and revising, downwards, investment spending plans.

The central bank sees a moderate wage settlement as vital to further reducing inflation and inflationary expectations and, thus, strengthening international confidence in the D-mark.

If the agreement, reached on Saturday by arbitration in North Rhine Westphalia, is accepted by union and industry officials in other negotiating districts, as recommended, then the central bank can expect renewed pressure to ease its monetary policy.

The settlement's level, the fact that the cost of living figures for February showed a significant decline in inflation to below 6 per cent for the first time in six months, and the central bank's own anxiety to help revive a flagging economy all suggest that the Bundesbank will want to respond positively.

The principal constraint the bank still faces remains the D-mark's performance against the U.S. dollar on foreign exchanges, and the unpredictability of U.S. interest rates.

Last week saw some encouraging developments as the D-mark recovered some ground lost during February.

The agreement, reached without the protracted round of token strikes which marked last year's negotiations will also be seen as a success for Government policy.

Bonn's proposed investment and employment stimulation programme has helped union leaders swallow a wage settlement which will reduce real incomes, allowing them to argue with their members that the Government is seeking to take active steps to combat unemployment levels of close to 2m.

Talks may open Japan to UK telephone equipment

BY GUY DE JONQUIERES

NEGOTIATIONS ARE taking place for a deal which could lead to a British-designed telephone exchange being made under licence by Nippon Electric (NEC), Japan's largest maker of telecommunications equipment.

NEC is understood also to be considering establishing a television-production plant in the UK. It is already building a large semiconductor making facility in Livingston, Scotland, costing about £50m.

These moves are linked apparently to NEC efforts to overcome official hurdles restricting its entry to Britain's newly-liberalised market for telecommunications equipment.

NEC wants to sell a range of products, notably private branch-exchanges (PABXs) and satellite earth stations, of which it is one of the world's leading suppliers.

So far, however, its only significant achievement has been an agreement to license Rediffusion to make one of its radio-paging receivers. Its recent application to British Telecom for approval to sell an electronic PABX was rejected.

NEC was also disappointed last year when Matsushita, a

Continued on Back Page

Five to die for Sadat assassination

BY OUR CAIRO CORRESPONDENT

FIVE PEOPLE were sentenced to death by the Egyptian Supreme Military Court on Saturday for their part in the assassination of President Anwar Sadat. The sentences came exactly five months after President aSdat was shot at a military parade in Cairo.

The condemned men included the four-man assassination squad led by Lt. Khaled El-Islambouli, as well as Abdessalaam El-Farag, 27, an engineer, convicted of supplying the weapons and ammunition.

Seventeen others were sentenced to prison terms with hard labour ranging from five years to life for their part in what was described as a plot to overthrow the Egyptian government, in an Islamic revolution.

Two men were acquitted on all charges, although both are to be indicted next week by the state security Prosecutor, along with others, on charges of belonging to the so-called Jihad Islamic extremist organisation.

The trial, which began on November 21, with the Egyptian authorities doing their utmost to show the world that justice was being done, ended in fiasco.

After the first two sessions, all court hearings had been held in camera. Lawyers for the defence complained that they were being forbidden by the court to bring their chosen defence witnesses.

The final session typified the proceedings. About 100 journalists were led through tight security to the court room, where they were greeted by the 24 defiant defendants.

Locked in a specially-constructed cage, all were wearing flowing white robes and beards, in imitation of the Prophet Mohammed. The exception was Aoud El-Zomr, who wore a uniform—that of a Lieutenant-Colonel of military intelligence. He received a life sentence.

The defendants chanted slogans in Arabic and English, attacking the peace with Israel and calling Sadat a traitor and the "baddest king Egypt has ever had." Slogans daubed on pieces of cloth adorned the bars of the cage. A macabre sight was introduced by two scarves rolled up as hangman's nooses.

After 10 minutes, the Press and about nine relatives who had come to hear the verdicts were ushered from the courtroom, on the pretext that there had been a power failure. Two hours later, the verdicts and sentences were read out.

President Hosni Mubarak, as supreme head of the armed forces, has 30 days to ratify the sentences. After that, the convicted men have 15 days to appeal for clemency.

● The Bahraini Government News Agency said yesterday that President Mubarak had received a goodwill message from the Emir of Bahrain—yet another sign of Egypt's improving relations with the Arab states that rejected Cairo's peace with Israel, Reuter reports from Cairo.

Israel and France to discuss reactor purchase

JERUSALEM — Israel and France are to hold talks in Paris next month to discuss the possible purchase of a French nuclear reactor. The negotiations, which will also cover arms sales, will be conducted through a joint economic commission which has not met since relations between the two countries deteriorated in 1967.

An Israeli official said the commission would meet on April 29 and 30 and that Israel's Foreign Minister, Mr Yitzhak Shamir, would visit France in April or May.

Mr Shamir's visit and the reconvening of the commission were some of the results of President François Mitterrand's three-day state visit to Israel last week, the official said. He stressed, however, that discussions on the possible arms and reactor sales were "in their earliest stage."

Mr Shamir told Israel Radio at the weekend that M. Mitterrand's visit "enabled us to start discussing the purchase of a French nuclear reactor for peaceful purposes.

Our Foreign Staff writes: The mainstream of the Palestine Liberation Organisation has reacted with hostility to the Mitterrand visit.

Mr Salah Khalaf, who is deputy to Mr Yasser Arafat in Al-Fatah, dismissed M Mitterrand's call for a Palestinian state.

● Israel's Prime Minister, Mr Menahem Begin, has been ordered by his doctors to rest at home for three days after being taken ill at a banquet

Trade deficits 'continue to blight South Asia'

BANGKOK—Grinding poverty, unemployment and chronic trade deficits continue to blight the countries of South Asia, according to a new United Nations survey.

The report, prepared by the UN Economic and Social Commission for Asia and the Pacific, said mass starvation in some areas could be avoided only by large food imports.

The gap between rich and poor was continuing to widen in most South - East Asian countries, it added.

Economic conditions had improved in the war-ravaged Communist countries of Indochina, but the report said they still needed huge food aid from abroad.

One bright spot in the region was the record of the five member-states of the Association of South-East Asian Nations (Asean).

The report said these countries — Singapore, Indonesia, the Philippines, Malaysia and Thailand — as well as Burma, Hong Kong and South Korea, had maintained strong rates of economic growth.

Their growth rates ranged from 5 per cent in the Philippines to 10 per cent in Hong Kong.

Countries of South Asia — Afghanistan, Bangladesh, Bhutan, India, Nepal, Pakistan and Sri Lanka — are among the poorest in the world, with annual per capita incomes ranging from $80 in Bhutan to $260 in Pakistan.

Reuter

Japanese Opposition end boycott

Opposition parties ended a six-day boycott of the Japanese Diet (parliament) yesterday after reaching a compromise with the ruling Liberal Democratic Party on their demand for a Y1,000bn (£2.3bn) cut in income taxes, Reuter reports from Tokyo.

The agreement called for the Government to try to reduce income tax at the earliest possible date. It clears the way for the lower House to resume debate on the Government's Y49,680bn (£114bn) budget for the fiscal year starting next month.

Ceausescu visit

Romania's President Nicolae Ceausescu is to visit Greece from May 4-6, Reuter reports from Athens. The visit will be the latest in a series of exchange visits over recent years between Greece's leaders and those of Romania, Yugoslavia and Bulgaria.

EEC consultations

The Prime Ministers of Portugal and Spain are to visit Greece soon for talks expected to centre on their countries' bids for full membership of the European Economic Community, Reuter reports from Athens.

Tongan recovery

The Tongan Islands, devastated by a cyclone last Wednesday, hope to be self-sufficient in food again within six months, Reuter reports from Nuku 'Alofa. But Dr Langi Kavaliku, Minister of Works, said yesterday it would take at least two years for a full recovery in agricultural production.

Archbishop Glemp appeals for all-round conciliation

BY DAVID BUCHAN, EAST EUROPE CORRESPONDENT, IN WARSAW

POLAND'S Roman Catholic primate said yesterday that the Church faced "a gigantic task, perhaps more delicate than any in our history," in trying to heal Poland's political divisions and to end its protracted crisis.

In a sermon to an overflowing congregation at St Michael's Church in Warsaw, Archbishop Josef Glemp called on all elements of Polish society, including the military Government, the Church, trade unions and youth, to make conciliatory efforts. Progress, he said, would be gradual and he rejected those who used such slogans as "all or nothing," and "now or never."

The archbishop made no mention of recent incidents in which a priest was given a suspended sentence for anti-Government statements, and in which another was arrested for alleged involvement in the shooting of a policeman. While some Church officials are worried that this might be part of a move to discredit the Church, a Government Minister has said the incidents would not be allowed to aggravate Church-state relations.

Archbishop Glemp said that all Poles welcomed the fact that Pope John Paul was due to visit Poland this summer. This apparent confidence that the Pope would carry out his trip, planned for August, was seen as significant in the light of reports that the Soviet leadership put pressure on General Jaruzelski in Moscow last week to block the papal visit.

The Polish Church has in particular been urging the Government to open negotiations with Mr Lech Walesa, the interned Solidarity leader. According to Mr Walesa's wife, Danuta, the Solidarity leader is to be allowed out for the christening of their latest child in two weeks' time.

Georgian failures attacked

The Communist Party leader in the Soviet Republic of Georgia has acknowledged that the region is in serious economic difficulty and said that revolutionary reforms were needed.

Mr Eduard Shevardnadze, who is also a candidate member of the Soviet Politburo, said many of the republic's best business would long ago have been forced to declare bankruptcy in "other social conditions."

"We have not learned to calculate money and we treat credits without common sense," he said in a speech published in the Georgian newspaper, Zarya Vostoka.

His speech was apparently prompted by a recent visit to the state bank in Moscow, where, he said, officials pointed out serious problems in many Georgian Ministries and enterprises.

AP

Mr Haig: encouraged by convergence of views

Mexico and U.S. closer on Salvador

By Anatole Kaletsky in Washington

THE REAGAN Administration has said it is encouraged by a meeting to discuss El Salvador which was held on Saturday between Mr Alexander Haig, the Secretary of State, and Sr Jorge Castaneda, the Mexican Foreign minister. The meeting was designed to "flush out" a peace plan for El Salvador put forward last month by Mexico's President Jose Lopez Portillo, and may turn out to be a first step towards a negotiated solution to that country's civil war.

Officials accompanying Mr Reagan on holiday in California told reporters in unusually forthright terms that the President had virtually ruled out any possibility of direct military involvement in El Salvador. His refusal to say so publicly was due to the need to keep up pressure on the guerrilla leaders.

The Mexican plan centres on negotiations between the Salvadoran guerrillas and the Government of President Napoleon Duarte, backed up by a more general rapprochement between the U.S., Nicaragua and Cuba.

The U.S. showed little interest in the proposals when they were first put forward by the Mexican President in February. But on Saturday, after meeting the Mexican Foreign Minister in New York, Mr Haig said there had been a "greater convergence of views" between the two Governments.

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French investment upturn forecast

BY TERRY DODSWORTH IN PARIS

A MODEST UPTURN in French investment, probably at an annual rate of a little under 1 per cent a year, was forecast yesterday by INSEE, the national statistical office, for the first six months of this year.

If confirmed, the prediction would mean a significant turnround after a fall in private investment last year of at least 7 per cent.

Although a revival of industrial investment is one of the main objectives of the Government's economic policy, most recent surveys of management intentions show considerable pessimism. There have been predictions of a fall in expenditure of between 4 and 5 per cent, and only this week, the Paris Chamber of Commerce and Industry argued that profit margins must be allowed to rise to make resources available for investment.

INSEE argues that this management pessimism is not entirely borne out by the situation in the market place. The growth in imports and the increase in sales of capital goods suppliers showed, it said, that the drop in investment has been stopped and that there was now a slight tendency towards growth.

The office goes on to stress, however, that the main stimulus in the French economy is still coming from the rise in consumption created by the increase in social security payments.

During the first six months of this year, it expects growth to amount to around 1.3 per cent, with prices rising at about 1 per cent a month.

WORLD TRADE NEWS

Japanese to build iron plant costing £246m in Malaysia

BY WONG SULONG IN KUALA LUMPUR

AN AGREEMENT to build a $450m (£246m) sponge iron plant was signed in Kuala Lumpur at the weekend between a consortium of eight Japanese companies, led by Nippon Steel, and the Malaysian Government's Heavy Industries Corporation, Hicom.

It provides for the Japanese to build the plant capable of producing 600,000 tonnes of sponge iron and 560,000 tonnes of steel billets a year, on a turn-key basis, at Paka in Trengganu State.

The plant, to be ready by mid-1985, would use natural gas found off Trengganu as fuel. Iron ore will be imported from Australia and other countries.

The Japanese consortium, which include Chiyoda Chemical Engineering and Construction, Daido Steel and Mitsubishi Heavy Industries, won the contract over its Austrian rival, Voest Alpine, because it was prepared to take a 30 per cent equity stake in the project.

The Japanese are also offering better financing terms. The country's Export-Import Bank would lend the project $385m at an interest of 7.7 per cent for 10 years, while other Japanese institutions would lend another $67m at 8.5 per cent for the same period.

Voest Alpine is currently building a smaller size sponge iron plant for the Sabah Government in East Malaysia. Sited at Labuan Island, it will also use natural gas, found off Sabah, as fuel.

Under the terms of the agreement between the Japanese consortium and the Heavy Industries Corporation a joint venture company will be set up to operate the plant. The Japanese companies will have 30 per cent of the equity and the Malaysian interests 70 per cent.

Following the increasingly widespread trend in project contract negotiations, the Japanese companies have agreed to provide training for Malaysian technicians.

UK EXPORTS

Cable Belt wins £4m South Africa deal

BY OUR WORLD TRADE STAFF

CABLE BELT, the Laird Group subsidiary, has won through its South African unit a £4m contract for a conveyor system in South Africa. The buyers are BP Coal South Africa and Rand Mines.

The conveyor will carry coal from the new Middleburgh coal mine in the Witbank area of Transvaal to a train terminal, whence the coal will be sent to the coast for export. The conveyor is 8 km long. The contract will lead to Cable Belt building a new manufacturing plant in Johannesburg.

● W. S. Atkins Group, the Epsom-based consultants, is to design and supervise the construction of the Mirqab transportation centre in Kuwait, a £200m project planned by the Kuwait Ministry of Public Works. The scheme embraces facilities for public transport, a business centre and approach roads.

● Lazard Brothers, the London bankers, have arranged a HK$566m loan for the Mass Transit Railway Corporation in Hong Kong to purchase railway cars from Metro-Cammell. The loan is supported by the Export Credits Guarantee Department.

● GEC Turbine Generators has brought on stream ahead of schedule the first of four steam turbine units for the Castle Peak A power station project in Hong Kong, part of two contracts with a total value of £305m.

● Renold Power Transmission of Rochdale has won a £1.3m order from the Soviet Union for the supply of milling equipment to be used for gas compression systems.

Japan protests at Taiwan import ban

TOKYO—Japan has lodged a protest with Taiwan through its semi-official interchange association for Taiwan's banning of imports of some Japanese products, the Ministry of International Trade and Industry (Miti) said at the weekend.

Miti officials, however, denied a report that Japan had imposed certain retaliatory restrictions against Taiwan for its February 13 announcement taking steps to ban imports of trucks, buses and 1,500 consumer products from Japan.

The officials said that since Japan has no diplomatic relations with Taiwan the protest was made through the association. No reply has yet been received from Taiwan.

Taiwan's action apparently is aimed at protecting a domestic vehicle maker and narrowing a trade gap with Japan.
Agencies.

Dutch to share £54m Norway deal

By Fay Gjester in Oslo

A JOINT venture between a Netherlands and a Norwegian company has secured one of the major contracts—worth around NKr 600m (£54m)—in connection with Norway's new gas-gathering pipeline system.

Norwegian contractors, Bredero Price, will be responsible for covering the pipeline sections with a protective shell of asphalt anti-corrosion anodes and concrete.

The NKr 2bn contract for the steel sections awarded last year is being shared between Japan and Germany with Mannesmann and Bergrohr supplying the 36-in lines and Nippon Kokan, Nippon Steel, Sumitomo Metal, and Kawasaki the 30-in and 28-in lines. Deliveries of the steel sections are scheduled to start June 1 and should be completed by the end of 1983.

SHIPPING REPORT

Firmer trend foreseen in dry cargo rates

BY OUR SHIPPING CORRESPONDENT

CONDITIONS in the depressed dry cargo trades could turn more active and rates move slightly firmer until the early summer, especially for smaller size vessels, Matheson (Chartering) said in its monthly review.

But after that, markets are again likely to be weighed down by the effects of recession and the stream of new buildings from the shipyards, it added.

Matheson said the modest improvement in rates seen in some trades in the final days of February could have resulted from a temporary shortage of tonnage.

More likely, however, was an expansion of seasonal demand and owners' hopes that the North Atlantic market would show an improvement in the next few months.

Also noting signs of a brief upturn was Denholm Coates, which reported a significant improvement in the Atlantic market.

On the tanker side, Galbraith Wrightson said there was a resurgence of activity last week by some large U.S. charterers fixing large tankers from the Gulf.

Further chartering from the Middle East was expected to occur, especially if crude oil costs continued to slide, it added.

Even so, rates remained at low levels, with Worldscale 16 agreed in three cases.

World Economic Indicators

TRADE STATISTICS

		Jan. '82	Dec. '81	Nov. '81	Jan. '81
U.S. $bn	Exports	18.737	18.885	19.153	18.902
	Imports	22.829	19.746	22.508	22.616
	Balance	−4.092	−0.861	−3.355	−3.714
Japan U.S.$bn	Exports	10.246	14.242	11.567	9.306
	Imports	11.045	12.020	10.951	10.718
	Balance	−0.799	+2.222	+0.616	−1.412
France FFrbn	Exports	51.54	51.27	50.70	40.84
	Imports	58.59	59.16	57.40	46.74
	Balance	−7.05	−7.89	−6.70	−5.90
W. Germany DMbn	Exports	31.40	35.95	36.12	27.30
	Imports	30.30	30.81	32.17	28.20
	Balance	+1.10	+5.14	+3.95	−0.90
		Dec. '81	Nov. '81	Oct. '81	Dec. '80
UK £bn	Exports	4.702	4.790	4.550	3.999
	Imports	4.371	4.739	4.184	3.646
	Balance	+0.331	+0.051	+0.366	+0.353
Italy Lirebn	Exports	9,210	8,060	8,576	6,047
	Imports	10,297	9,218	9,031	7,454
	Balance	−1,087	−1,158	− 455	−1,407
		Nov. '81	Oct. '81	Sept. '81	Nov. '80
Belgium BFrbn	Exports	178.726	199.970	198.696	168.626
	Imports	195.196	200.061	198.249	186.028
	Balance	−16.470	−0.091	−0.447	−17.402

Pakistan's earnings hurt by rupee rise

By David Dodwell

PAKISTAN'S raw cotton exports slumped in the first half of its current financial year, depressing overall exports by 10 per cent. The slump underlined the severe problems caused in the latter half of 1981 by the rapid strengthening of the Pakistani currency, the rupee.

Raw cotton exports for the six months to December earned just $59.3m—barely one third of the $171m earned in the same period of 1980—according to figures released by the State Bank of Pakistan.

This slump in export earnings apparently accounts for the Pakistan Government's decision in January to free the rupee from its link with the U.S. dollar.

This link had led the rupee to rise between 20 and 40 per cent against some currencies over the past year, seriously eroding the competitiveness of major exports like cotton, carpets, rice and leather goods.

Total export earnings for the first half of the financial year were $1.1bn, compared with $1.2bn in the same period of 1980-81, and about half a billion dollars short of the export target set in the budget last summer.

Import figures have not been obtained, but on the assumption that they have continued to grow at the annual 14 per cent recorded in 1980-81, the visible trade gap for the first half of this financial year may be as high as $2bn. If the present trend is not corrected, exports for the full year ending in June are unlikely to be higher than $2.2bn. Against imports likely to near $6.4bn, this will leave a yawning trade gap of $4.2bn.

Since the rupee was allowed to float on January 8, it has slipped by about 9.6 per cent in value against the dollar, and about 8 per cent overall. But foreign observers feel a much larger effective devaluation of the currency is necessary if the country's competitive position is to be restored. The International Monetary Fund is understood to believe that a devaluation of about 20 per cent is necessary.

The slump in cotton exports has particularly alarmed the Pakistan Government. Raw cotton is the country's leading export, and was expected to form the basis of a projected 8 per cent increase in exports for the present year. The Government last summer set a target of over $500m to be earned by exporting raw cotton, but it will be lucky to earn more than $300m after the first half performance.

Rice exports, the country's second major foreign exchange earner, also slipped, earning just $191m, compared with $232m in the first half of 1980-81. Yarn exports slipped by 22 per cent to $79m, carpets by 47 per cent to $58m.

Portugal pushes sales in U.S.

By Diana Smith in Lisbon

THE U.S. exported about $800m-worth of goods and services to Portugal in 1981 and bought about a quarter of that sum in Portuguese goods. As with Portugal's global export picture, rigid, traditional items like cork, textiles, wine and footwear top its sales list to the U.S. But more diverse goods like electronic materials and plastic injector moulds are beginning to find a place in American markets.

That is all to Portugal's good. For its pre-EEC condition, with agriculture in continual crisis, the country is so dependent on the U.S. for essential food and animal feed imports (80 per cent of all U.S. sales to Portugal) that is has been moved to make one of its rare drives to penetrate the U.S. market more intensively and try to narrow the trade gap.

Portugal is lucky in one respect: its textile sales to the U.S. are free of the restrictions from which they suffer in the EEC—though, even so, the tonnage of textiles sold to America is lower today than it was nearly 10 years ago.

As a small country with limited manufacturing capacity and relatively slow diversification of industry, Portugal's penetration of the U.S. market hinges on its ability to develop a stronger image with potential buyers. When it has done this, as with the success a decade ago of Mateus Rosé wine, it has hardly looked back.

Even today, with changing U.S. drinking tastes, Mateus Rosé sells over 1m cases to America each year.

Once Portugal joins the EEC, as it hopes to do in 1984, U.S. farmers are likely to gradually lose a client whose grain import needs are hugely out of proportion to its general living standards—still dismally poor in the rural areas of the country.

THE U.S. RECIPROCAL TRADE DEBATE

Government tries to define its position

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

SENIOR Reagan Administration officials are expected to make a series of statements over the next fortnight aimed at curbing the apparent enthusiasm of the U.S. Congress for sweeping protectionist and trade reciprocity legislation.

A defined Administration position on trade reciprocity should finally become clear on March 24 at hearings of the Senate Finance Committee's sub-committee on international trade.

As hostility against Japanese trading policy has increased in the Congress, the slogan of reciprocity has been increasingly adopted. It advances the notion that the U.S. should open its market to other nations only on the same conditions as its companies enjoy in the respective foreign markets.

The March 24 hearings are related to a Bill introduced by Senator John Danforth, the Republican from Missouri, who is the sub-committee's chairman. That Bill embraces reciprocity provisions.

The Administration has started to narrow down the issues on which it thinks congressional action would be suitable. This became clear last week when Mr William Brock, the U.S. Trade Representative and a member of the White House staff, came out strongly against sectoral reciprocity legislation.

This type of legislation would permit, within the scope of one industry, U.S. regulatory agencies to take action against another country limiting access to U.S. products.

Mr Brock was immediately concerned with a telecommunications bill which would give the Federal Communications Commission the power to retaliate against import from countries not providing the same measure of access to their markets as the U.S. offers them.

Such retaliation "could not be productive," he said. The U.S. might have a weapon which would be pointing at itself. He wondered whether the supporters of such a bill would take the same attitude if another country sought to apply the same principle to areas where the U.S. has import restrictions, like textiles or agriculture.

Trade specialists in Washington have interpreted these remarks as an attempt by the Administration to control a fire which it started itself.

This refers to the belief that the uncertainty of the Administration's approach to the reciprocity issue implied support. Officials appeared to give tacit approval to the idea, because of their sympathy with the motives which inspired it—mainly the perception that the U.S. is at a disadvantage in the face of aggressive Japanese exporting in a relatively narrow group of products and the belief that Japan does not offer adequate access to its own market.

Also, the Administration did not oppose the reciprocity provisions in the telecommunications bill in its early stages, thereby implying approval of the concept it embodied.

Mr Brock's late opposition is therefore considered to represent a stiffening of attitude towards measures which, it is widely believed in Japan and Europe, could be against the principles of the General Agreement on Tariffs and Trade (Gatt) and which could lead to the resolution of trade issues on a bilateral basis rather than a multilateral one.

A reversion to the settlement of trade disputes on a bilateral basis, which has appeared implicit in bills before the U.S. Congress, is feared because it might lead to a fragmentation of the international trading system.

But Mr Brock's statements do not yet constitute a definitive stand for the Administration. The Trade Representative's office is responsible for trade negotiations but the administration of existing trade agreements is in the hands of the Commerce Department.

At the same time there are other departments—State, Labour, Agriculture, Treasury—which also have a voice in trade policy-making. There are intensive discussions taking place in Washington among these departments about the reciprocity issue, and it is by no means clear that the Trade Representative's office will emerge on top.

At this level of political debate and contention, it appears that Mr Brock is seeking to do two things. First he wants to lay down a position in the inter-departmental discussions by defining what is not acceptable about reciprocity, while leaving open what is. Second, he wants to act as a brake on the growing bitterness in Congress about Japan, which has led to the adoption of the catch-all slogan of reciprocity.

Whether this approach will prevail within the Administration is not yet clear. Mr Malcom Baldrige, the Commerce Secretary, for example, has consistently appeared to be more outspoken in his sympathy for congressional feelings on reciprocity than Mr Brock.

Senator John Danforth: pushing for trade reciprocity

At the same time, however, Commerce Department officials play down differences, contending that although Mr Baldrige tends to be outspoken, both he and Mr Brock sing the same song—they simply have different refrains.

Japan a 'scapegoat for trade policy failure by West'

BY BRIJ KHINDARIA IN GENEVA

WESTERN countries are using Japan as a scapegoat for failed economic and trade policies instead of concentrating on meeting the challenge of Japanese competitiveness, according to the head of the Geneva-based General Agreement on Tariffs and Trade (Gatt).

In a speech delivered to the East Asian Association in Hamburg but distributed in Geneva, Gatt's Director-General, Mr Arthur Dunkel, also strongly attacked insistence by the U.S. and some Western European countries on reciprocity in trade.

"The problem of competition with Japan has begun to assume the proportions of a crisis, though in reality it is only a symptom of more general problem—Japan is only the forerunner of a series of highly efficient newcomers on world markets for manufacturers," he said.

"The West appears mesmerised by the spectacular productivity of Japanese industry, but the far-sighted Japanese are already worrying about (South) Korea, India and, in 10 years perhaps, China," he added.

"Every government has a need to find scapegoats" when its policies do not work, but the only permanent solution is for Western economies to raise their productivity to Japanese levels.

Reciprocity in trade impossible to achieve because one side alone cannot decide what reciprocity is. Conducting trade on the basis of strict reciprocity "implies repudiation of existing international obligations" and opens the road to chaos on both trade and money markets.

"The tendency towards bilateralism and sectoralism in trade policy is the greatest present danger both politically and economically to order and prosperity in the world economy." Mr Dunkel warned.

"More profoundly, it endangers the very possibility of maintaining the international economic co-operation which has made possible the progress of the last 30 years," he added.

UK NEWS

Commercial vehicle sales fall by 7.9%

By John Griffiths

THE UK commercial vehicles market resumed its depressed course last month after the boost provided in January by a heavy sales promotion for the Ford Transit medium van.

The Society of Motor Manufacturers and Traders' statistics show total February sales of 16,135—7.9 per cent below the February, 1981, level, when the market was already in deep recession.

Although the distorted January figure has lifted total sales so far this year to 37,244, about 8 per cent higher than in the first two months of last year, they are running 26.5 per cent below the opening months of 1980.

Importers continued to grab a larger slice of the diminishing cake. They took 35 per cent of the market in February against 28 per cent last year.

There are still few signs of the long-awaited upturn in the hardest hit market, for trucks proper over 3.5 tonnes. Sales of these reached 3,422 last month, compared with 3,576 in February last year.

Both Leyland Vehicles and Bedford showed large drops. The former's performance reflected the latest round of industrial troubles, while many Bedford customers were awaiting a new range of models.

Where gains have been made they have been confined almost entirely to importers.

Volvo, with manufacturers in the UK; Seddon Atkinson, and the independent ERF were the only UK-based makers to show gains.

The medium van market also fell back. Registrations totalled 6,313 against 7,359 in February last year. However, this was a relatively bright area for BL. Sales of its Sherpa vans, made by Freight Rover, rose to 635 (559). Sales in the year to date are running 26 per cent ahead.

Car-derived van sales fell to 5,080 from 5,316.

Registrations of light four-wheeled drive vehicles rose to 998 from 840. Land Rover, which accounts for nearly 60 per cent of the market, increased sales by 19.7 per cent.

Heavier lorry plans expected soon

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

THE GOVERNMENT is expected to lay before parliament its final and much-redrafted proposals for heavier lorries later this week or next, despite continued criticism from Tory backbenchers, local councils and environmental groups that the proposals should be dropped.

The new upper legal limit on lorry weights is likely to be set at 38 tonnes gross laden weight, not 40 tonnes as proposed in the white paper on lorries. The original plan to allow existing 32.5 tonne lorries to operate at 34 tonnes is expected to be dropped altogether and the Government is likely to take action to encourage local authorities to enforce existing legal powers to control lorries.

This action, however, is likely to fall far short of that recommended by the Armitage inquiry which said local authorities should set up "lorry action areas" to control lorries and pass the higher costs on to lorry operators.

Lorry taxes will also be changed; there will be substantial rises in vehicle excise duty for some of the heaviest lorries.

The most likely forum for the changes is tomorrow's Budget, when the Government's plan to tax lorries on the basis of laden weight and the number of axles is expected to be confirmed. At present lorries are taxed on the basis of their unladen weight and many of the heaviest lorries fail to cover their road costs.

Proposed tax changes are part of the Government's strategy to ensure that lorry operators pay their fair share of road costs. More than 250,000 lorries over 12 tonnes gross weight are expected to be affected by changes in vehicle excise duty.

Lighter lorries at the moment pay more tax than is needed to cover their road costs, while some of the heaviest lorries pay less than they should.

In 1979-80 the heaviest lorries, those of 32.5 tonnes gross laden weight on four axles, failed to cover their road costs on average by £500 each, 14 per cent of their road costs. Total taxes, VED and diesel tax came to more than £3,000 for each 32.5 tonne lorry in 1981.

There is also likely to be a reduction in the relative tax burden of similar weight vehicles with five axles because these currently pay up to 35 per cent more in tax than is needed to cover their road costs.

Vehicle excise duty for all cars and lorries was increased by 15 per cent in last year's Budget.

● Mr David Crouch, Conservative MP for Canterbury and a vigorous opponent of the Government's lorry plans, said last week that the expected climb down by the Government on the 40 tonne proposal would still not be enough to make him change his "implacable" opposition to heavier lorries.

Mr Crouch was one of 11 Tory backbenchers who voted for a Labour opposition motion in December. He favoured phased changes, with environmental protection measures coming in before increases in lorry weights.

Fiat unveils new models

By John Griffiths

THE product-range overhaul through which Fiat, like BL, has sought to reverse flagging sales, continues in the UK with the launch this week of revised versions of the Mirafiore, Fiat's contender in the all-important medium saloon market.

The previous basic body shell is retained. New overhead camshaft engines of 1.4 and 1.6 litres replace 1.3- and 1.6-litre pushrod-engine models. The twin overhead camshaft Supermirafiore and Sport are dropped for a two-litre Supermirafiore.

Substantial specification changes make price comparison with previous models difficult.

In line with Fiat's price cut of 10 per cent across the board last year, the new top-range Supermirafiore, with 110 mph maximum, electric windows and central locking, has a list price including taxes of £5,244. The cheapest is £4,494.

This year Fiat has launched a top-of-the-range Strada and a sports model. A range of the 127 hatchback will soon be introduced, followed in early summer by a heavily revised version of its 132 top model called the Argenta.

Bedford aims to boost truck sales

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

GENERAL MOTORS intends to push its Bedford subsidiary back into first place in the UK truck market. It also intends the company to play a major role in the group's "world truck" programme.

This was made clear at the weekend by Mr John Fleming, the recently-appointed chairman and managing director of Vauxhall Motors of which Bedford is a subsidiary.

To emphasise GM now means business in the heavy commercial market, Bedford today unveils a restructured and strengthened line-up of its 24- to 44-tonne TM trucks.

Some £3m was spent on re-engineering the old TM range, first introduced in 1974. A further £2.5m went on tooling costs. The trucks will be produced at Bedford's purpose-built plant at Dunstable, Bedfordshire, which cost £7.5m and opened in October 1980.

The Dunstable plant built only about 2,000 trucks last year and was working at 15 per cent of capacity. This was partly because of the severe recession in the UK market.

"We need to build at least 5,000 a year or 75 per cent of capacity to justify the investment and we intend to build them," declared Mr Des Savage, Bedford's director of marketing.

The company's share of the 28-ton-plus truck sector has been languishing at only 2 to 3 per cent. "We aim for at least 10 per cent with this strengthened range," said Mr Savage.

The group has taken a fundamental look at Bedford and its prospects—which might have involved closing the company. Instead the investment programme had continued and "we have changed the way we run the business."

Truck manufacturing has been split away from car assembly and a director of commercial vehicle manufacturing, Mr Ed Naegsli, had been appointed—for the first time in Vauxhall's recent history.

To boost exports, Bedford had set up new zone offices in both Singapore and Dubai while an African zone office had been established at the headquarters in Luton.

Last year, exports fell by nearly half to 24,000, mainly because of the strength of the pound. Sales to the best overseas market, Nigeria, held up but the Pakistan truck market slumped

Mr Savage said that at $1.80 to the pound exporting trucks was only marginally worthwhile but if there were a 10 to 15 per cent drop in sterling it would be very profitable now that Bedford had improved productivity and cut costs.

Mr Fleming admitted that GM in the past had not given trucks the attention their profit potential deserved. The group had now set up a "world truck" project to see which components could be shared by Bedford, Chevrolet in the U.S., GM do Brazil and, possibly, Isuzu, the 34 per cent-owned associate in Japan.

"Bedford could not afford to go it alone to develop products for the future," he said, "but we can afford it with partners. And our partners are from within our own group—we just didn't get round to speaking to them in the past. We can get all the economies of scale we need within GM without going outside."

The revamped TM range has 62 models incorporating four new engines, two each from Detroit Diesel, a GM subsidiary, and Cummins, which, with Bedford's own unit, cover eight power ratings from 222 brake horsepower to 387 bhp.

Orion Royal Bank in airline talks with Laker

By Alan Friedman

ORION Royal Bank, the Royal Bank of Canada subsidiary which failed in its attempt to construct a rescue package for Laker Airways last month, said yesterday it had held talks recently with Sir Freddie Laker about his Lonrho-backed airline project.

Orion is understood to have discussed the possibility of a charter airline operation but has not been in touch directly with Mr Roland "Tiny" Rowland, chief executive of Lonrho.

Orion is one of several City institutions approached by Sir Freddie in his search for backing for a new airline.

Mr Christopher Chataway of Orion said yesterday: "We have had discussions with Sir Freddie over the past few weeks about a number of different ideas, but it is much too soon to say whether anything will come of it." He said that "nothing is imminent."

A prospectus for the Laker revival project has been circulating in the City, but details are understood to have been modified significantly since the document was completed a fortnight ago.

One banker who had seen the prospectus said yesterday: "I think the old prospectus has been overtaken. It looks very unlikely that Laker can get the scheduled airline licences in time for this summer's season. That particular scheme looks like a dead duck."

While Sir Freddie has been working with Mr Rowland on a comeback plan, several job offers have reportedly been made to him. Sir Freddie is said to have been asked whether he would be interested in serving as an executive in the airline industry.

Support for lead-free petrol

NEARLY eight out of 10 people believe lead-free petrol should be introduced in Britain, even if it means prices rising. A MORI opinion poll shows that nine out of 10 people think lead in petrol is a health hazard and should be banned.

The MORI poll was conducted for the Campaign for Lead-Free Air (CLEAR). Figures show that 46 per cent believed it to be a "very serious hazard," 33 per cent "a fairly serious hazard," and 12 per cent "only a slight hazard." Only four per cent did not think it a potential hazard and the rest did not know.

Liverpool rejects teachers' claim

LIVERPOOL City Council has made it clear it is not prepared to meet the teachers' national pay claim of 11 to 12 per cent from April. Pupils could be sent home early later this week as staff work to rule.

Sir Trevor Jones, council leader, said yesterday the council could not go above the employers' offer of 3.4 per cent. He turned down appeals from officials of the National Union of Teachers to agree to the increase to avoid classroom disruption.

Pharmacists seek more pay

CHEMISTS WANT the Government to pay them more for their expert knowledge as well as for dispensing medicines. The 9,500 pharmacists who dispense National Health Service prescriptions in England and Wales, say the Government expects too much for too little.

At their annual conference in London, the Pharmaceutical Services Negotiating Committee voted to press the Government for an extra pharmacists' allowance.

Auditing plans may be against EEC rule

BY ROBIN PAULEY

THE GOVERNMENT'S plans for an Audit Commission, and the way in which auditors approved by it can work, might run contrary to a proposed EEC directive on audit.

Although the EEC examination of audit procedures refers to the audit of private companies, and would not therefore cover directly local authorities, both the public and private sector accountancy organisations in Britain have been working hard during the past two year to put public and private sector audit onto the same footing, operating under the same rules and practices wherever possible.

If the relevant EEC directive is finally adopted — which is not likely this year but could happen before the Audit Commission takes effect in April next year — different rules might apply to private and public sectors.

The argument concerns the independence of auditors and the issue of whether firms carrying out an audit for a company (or a local authority in the case of the Audit Commission) should also be allowed to provide consultancy work for the same client.

Mr Christopher Price, Labour MP for Lewisham, has made an issue of the subject in the committee stage of the Local Government Finance (No 2) Bill considering the Audit Commission plan, and has detailed examples of conflicts of interest which he feels have arisen in the past because of the same firm providing both audit and consultancy services.

One part of the EEC directive would have made this impossible in private company audits. But the Government, under pressure from the private sector accountants, forced a retreat in Brussels. However, other articles remain, including one which says audit must be done by people "of good repute and not carrying on any activity of such nature as to cast doubt on their independence."

The Institute of Chartered Accountants is concerned that auditors should not be able to use privileged information to obtain other types of business but feels there is a distinction between that and work arising out of an audit providing there is no conflict of interest.

Auditors in both public and private sectors are obliged by strict rules to retain objectivity in their approach to audit. Strong ethical standards exist to preserve this objectivity.

An auditor may feel it is better to call in outside consultants to deal with something identified in an audit. But, providing he did not feel his objectivity was impaired, he could offer advice and help, and was often expected to by his client, thereby saving him time and money, the institute said.

Labour members opposing the Bill, and to some public firm and private sector auditors, are worried that the auditor decides for himself about his "objectivity." They argue that consultancy and audit by one firm does cast doubt on independence, and that if it were allowed with no safeguards by the Audit Commission the independence of public sector audit would be less than that proposed by the EEC for private companies.

The Government accepts some of these arguments but is unlikely to introduce amendments to change the Audit Commission plans.

A deal has now been struck with the Opposition to end the committee stage of the Bill on March 25. In return, the Government will accept four Opposition points (it was planning to introduce two of them) but none of them deals with this issue.

This self-imposed "guillotining" was agreed after Mr Tom King, Local Government Minister, decided the Bill was not proceeding quickly enough so he forced a sitting until 1 am last week.

Yorkshire councils fear loss of aid by EEC

BY ANTHONY MORETON, REGIONAL AFFAIRS CORRESPONDENT

THE WHOLE of Yorkshire and Humberside stands to lose European Regional Development Fund aid if EEC proposals for revising the fund's guidelines are approved by the Government, the West Yorkshire County Council said.

It has already given evidence to select committees in both the Commons and the Lords studying the Commission's ideas, and has suggested that criteria for selecting priority regions be widened and decisions based on more up-to-date information.

The council is particularly concerned that the level of unemployment — the basis for selecting regions needing aid—would be based on 1977 statistics.

West Yorkshire, with South Yorkshire and Humberside, fears that the Government may not be making a strong enough case for the areas at official and ministerial level in Brussels.

It is understood that the Government is well aware of the needs of such areas, and those in the South-West.

The concern is because the EEC proposed that the quota section of its regional aid, covering 95 per cent of regional disbursements, should account in future for only 80 per cent.

But since the EEC wants to concentrate the quota section of aid on the four "poorest" Community members—Britain, Italy, Ireland and Greece—the UK would stand to receive a greater share of regional funds than it does at present.

The Government has welcomed the concentration of aid on Britain and the other three countries though this has aroused opposition in France, Belgium and Holland.

But it is fighting to ensure that Britain decides which part of the UK is assisted, rather than having to rely on geographical areas drawn in Brussels.

The Government is thought to oppose excluding relatively small parts of the country with high levels of unemployment, such as Mexborough, South Yorkshire, or Ilfracombe, Devon when the EEC has drawn wider areas in which jobless totals are below the national average.

Welsh plea for new M4 link

By Robin Reeves

THE WELSH Confederation of British Industry is launching an appeal for an immediate start to plans for a second M4 road link across the River Severn because it is worried that delays on the existing bridge may hit Welsh industry and jobs.

Early warning lane restrictions were introduced last week after tests of the bridge hangers showed that they might not provide an acceptable margin of safety if the bridge were carrying a large number of heavy vehicles all at once.

According to the Department of Transport this might occur in the early morning.

Change in sick note rules 'poses major problems'

BY GARETH GRIFFITHS

EMPLOYERS need to consider new absence control procedures when sick note regulations are changed in June, a report published today by the Engineering Emplyers' Federation says.

The changes mean that people can certify they are unfit for work without producing a medical note for the first seven days of illness, instead of the present three. Doctors have pressed for this because, they say, sick note claimants have cluttered up their waiting rooms and increased the burden on their time to the detriment of the more seriously ill.

The chage posses substantial problems for companies, the EEF says. A proper procedure should include rules whereby workers notify their employers of absence on the first day and at intervals afterwards. They should also provide details of the illness. Furthermore, there should be a periodic review of the whole procedure.

At present, the EEF finds, many companies operate more stringent tests for their manual employees than for their white-collar staff. The change-over in June should provide an opportunity to bring requirements into line.

In a guide for its 6,000 member companies, the EEF has drawn up a checklist of measures to be taken when introducing an absentee control system. These include deciding which employees should be included; the days to be covered; communicating planned changes to employees; the training of supervisors in the new methods; the protection of confidentiality and the amendment of employment contracts as appropriate.

The main importance of introducing a proper scheme, apart from fears that there could be an upsurge in absenteeism with self-certification, is that the sight of doctors' statements, before they are forwarded to the social security office, is widely used to verify sickness as a condition of paying sick pay.

The Government has indicated that self-certification for an illness lasting seven days or less will continue after the introduction of the new employers' statutory sick pay scheme in April next year.

Employee Self-Certification of Short-Term Sickness Absence. Dispatch Department, Engineering Employers' Federation, Broadway House, Tothill Street, London SW1H 9NQ. Price £2 for EEF members, £5 non-members.

Philips video disc launch fixed for end of May

BY ELAINE WILLIAMS

A NEW LAUNCH date has been set by Philips, the Dutch electronics group, for its revolutionary videodisc player.

The end of May will see the UK introduction of LaserVision, which has already had long delays due to technical problems in producing the disc to be played on the Philips machine.

Videodiscs are similar to conventional audio records but produce television pictures and sterio sound when played on a special machine.

JVC, the Japanese consumer electronics company, recently announced that its rival machine would appear to the UK trade in May, followed by a consumer launch in September.

RCA, in the U.S., has already introduced another version of the videodisc, the simplest technically of the three incompatible systems on offer. So far it has met with limited success.

LaserVision initially will be available only in London and the Home Counties.

It wil cost about £500, with the pre-recorded discs selling for about £15.

The machine uses a laser stylus to "read" the video and sound information stored as tiny pits beneath the surface of an optically reflective disc.

Problems with the production of discs at Philips' factory at Blackburn caused the original delay. Philips has committed more than £12m in disc production in the UK.

The JVC VHD system resembles more closely a conventional record-player, with a diamond stylus running ovar the surface of a grooveless electrically conductive plastic disc, covered by a spiral of tiny micropits.

Its machine will cost between £300 to £350 with discs similarly priced to Philips.

The announcement comes at a time of scepticism about the potential market for videodiscs because video cassette recorders are so popular.

Industry observers fear that the videodiscs have come too late into the market and at too high a cost. It has been estimated that each company invested more than £100m in their respective videodisc systems.

Sony, one of the leading video-cassette recorder-makers, has been consistently cautious about videodiscs and has no plans to introduce its own system.

However, JVC, which is supported by Thorn-EMI in the UK, and three other Japanese companies, believes that consumers will be attracted by the higher-quality disc system.

The videodisc can be used for simple videogames, and for self education. JVC and Philips say there is also a market for the disc in industrial and other forms of training.

BASE LENDING RATES

A.B.N. Bank	13½%	Robert Fraser	14%
Allied Irish Bank	13½%	Grindlays Bank	13½%
American Express Bk.	13½%	■ Guinness Mahon	13½%
Amro Bank	13½%	■ Hambros Bank	13½%
Henry Ansbacher	13½%	Heritable & Gen. Trust	13½%
Arbuthnot Latham	14%	■ Hill Samuel	§13½%
Associates Cap. Corp.	14%	C. Hoare & Co.	†13½%
Banco de Bilbao	13½%	Hongkong & Shanghai	13½%
BCCI	13½%	Knowsley & Co. Ltd.	14%
Bank Hapoalim BM	13½%	Lloyds Bank	13½%
Bank Leumi (UK) plc	13½%	Mallinhall Limited	13½%
Bank of Cyprus	13½%	Edward Manson & Co.	14½%
Bank Street Sec. Ltd.	15½%	Midland Bank	13½%
Bank of N.S.W.	13½%	■ Samuel Montagu	13½%
Banque Belge Ltd.	13½%	■ Morgan Grenfell	13½%
Banque du Rhone et de la Tamise S.A.	14%	National Westminster	13½%
Barclays Bank	13½%	Norwich General Trust	13½%
Beneficial Trust Ltd.	14½%	P. S. Refson & Co.	13½%
Bremar Holdings Ltd.	14½%	Roxburghe Guarantee	14½%
Bristol & West Invest.	15%	Trustee Savings Bank	13½%
Brit. Bank of Mid. East	13½%	E. S. Schwab	13½%
■ Brown Shipley	14%	Slavenburg's Bank	13½%
Canada Perm't Trust	14%	Standard Chartered	■13½%
Castle Court Trust Ltd.	14%	Trade Dev. Bank	13½%
Cavendish G'ty T'st Ltd.	15½%	TCB Ltd.	13½%
Cayzer Ltd.	14%	United Bank of Kuwait	13½%
Cedar Holdings	14%	Whiteaway Laidlaw	14%
■ Charterhouse Japhet	14%	Williams & Glyn's	13½%
Choulartons	15%	Wintrust Secs. Ltd.	13½%
Citibank Savings	¶14½%	Yorkshire Bank	13½%
Clydesdale Bank	13½%		
C. E. Coates	14%		
Consolidated Credits	13½%		
Co-operative Bank	*13½%		
Corinthian Secs.	13½%		
The Cyprus Popular Bk.	13½%		
Duncan Lawrie	13½%		
Eagil Trust	13½%		
E.T. Trust	13½%		
Exeter Trust Ltd.	14%		
First Nat. Fin. Corp.	16½%		
First Nat. Secs. Ltd.	16½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11.00%, 1-month 11.25%. Short term £8,000/12 month 13.9%.
† 7-day deposits on sums of: under £10,000 11.00%, £10,000 up to £50,000 11½%, £50,000 and over 12%.
‡ Call deposits £1,000 and over 11%.
§ 21-day deposits over £1,000 12%.
¶ Demand deposits 11%.
¶ Mortgage base rate.

ICI makes big return to coal

BY MAURICE SAMUELSON

IMPERIAL Chemical Industries, Britain's biggest manufacturing company, is taking a decisive step towards reintroducing coal for a substantial part of its energy requirements.

The conversion of a large UK chemical works, to be announced today, will boost ICI's coal consumption by 50 per cent. It is the first of a number of conversions under review which would increase ICI's coal usage by more than 1m tonnes a year, four times the present level.

The conversions are intended to restrain the rises in ICI's total fuel bill, mainly for oil and gas, which last year exceeded its UK wages bill of £630m.

The first reintroduction of coal will be at Lostock, one of the company's three factories in mid-Cheshire which make soda ash for the glass and chemicals industries. Its two large steam raising boilers are being adapted at a cost of £8.5m to burn up to 120,000 tonnes of coal a year.

The boilers were switched from coal to oil more than 20 years ago and are to be restored to their original use. The Government, as part of its policy of encouraging industry to use less oil, is meeting about 25 per cent of the cost under its coal conversion grants scheme.

ICI, which originally used coal as its main raw material as well as its primary fuel, said at the weekend that it was "turning the clock back" to the days before the era of cheap oil.

Mr Herman Scopes, the director for feedstocks, energy and raw materials, said there would be a "major shift" from oil and gas to solid fuel in the next few years. With the world oil markets fluctuating between glut and panic, the company would have to be flexible.

Its present fuel requirements in the UK are about 4.5m tonnes of coal equivalent. All but 250,000 tonnes of this is derived from oil and gas.

The company believes it can use at least another 1m tonnes of coal simply by phasing out oil and gas at power or steam plants which were originally built for coal and which were converted after the Second World War.

The next conversion is likely to be the private power station of the petrochemicals and plastics division at Wilton on Teesside. Originally built for coal, it now runs on oil, gas and waste gases and liquids.

The company is considering its restoration to coal at a cost of about £35m, enabling it to burn about 500,000 tonnes a year. The technical and commercial case for this investment could be submitted for approval early next year, although current investment constraints mean that, like other conversions, it would have to take its place in the slow-moving queue for capital.

The soda ash factories at Winnington and Wallescote in mid-Cheshire are other plants which will be put back on coal. They will each burn about 200,000 tonnes a year.

A further 100,000 tonnes a year will be used at Stevenston in Scotland, part of ICI's organics division.

ICI has received almost the maximum available under the Government coal conversion grants, introduced 12 months ago.

It has also won favourable terms from the National Coal Board which will sell the coal for Lostock at below published list prices under a long-term supply arrangement. The cost of the coal at the pit-head will be £4.5m.

CEGB chairman's future in doubt

By David Fishlock

THREE OF the four full-time members of the Central Electricity Generating Board, whose contracts expire this spring, are expected to be re-appointed by the Government.

They include Mr Dennis Lomer, who is responsible for the development and construction programme.

However, the Government is unlikely to reappoint Mr Glyn England, the board's chairman since 1977.

Mr England has paid tribute to the improvement in the construction programme since Mr Lomer came to office in 1977 "when almost every power station construction site was in trouble to a greater or lesser degree."

He said the understanding reached at the Isle of Grain site had set the pattern for a national site agreement signed three months ago.

The board's two most recent projects—Drax B (2,000 Mw coal-fired) and Heysham 2 (1,300 Mw nuclear), were "on time and within cost estimates."

Elsewhere "the challenge has been squarely faced and the results, so far, are encouraging."

Nevertheless, Mr Lomer's forthright style of management and readiness to impose sanctions, such as withholding payment, to suppliers which fail to perform well, has made him some enemies—specifically in the nuclear design and construction industry when initial efforts to produce a design for Sizewell B, Britain's first pressurised water reactor (PWR) power station went seriously awry.

Tax law mutterings become a major row

David Freud reports on why companies are suddenly worried about tomorrow's budget

FOR MANY people in the City and industry, the most burning topic in tomorrow's Budget has nothing to do with the public sector borrowing requirement or money supply targets. They are anxious to hear how the Chancellor deals with the seemingly dry and arcane subjects of company residence, tax havens and upstream loans.

The Inland Revenue has proposed major legislative change in these three areas. And while the proposals have been around in one form or another for about a year, it was only last week that mutterings of dissent in specialised tax circles broke out into a major row.

A range of blue chip UK multinationals warned that if the proposals stood they would consider moving their international finance functions offshore. With companies such as ICI, BAT Industries, Unilever and Shell arguing that legislation should be postponed for further consideration, the hope is that it will not feature in the Chancellor's speech.

The Revenue wants to change the law because since exchange controls were abolished in 1979 there has been no block on companies and individuals moving money abroad. Until then such movements required Bank of England approval and were monitored.

The Revenue has its eye on what it sees as a classic abuse. A UK company might move its funds into a tax haven country where taxation is low or non-existent and earn interest there without the Revenue knowing anything about it. To add insult to injury, the tax haven subsidiary might then lend its funds back to the parent—and the parent could even offset the interest payments against the remnants of its UK tax liability.

The Revenue legislation seeks to curb this state of affairs in three ways. First, it changes the residence rules. A company will qualify for residence only where the day to day management is undertaken. It will no longer be good enough for the board of a company to meet once a quarter in a tax haven country to establish residence there.

Second, overseas companies under UK control will be taxable in the UK if they are in a "privileged tax regime." Such a regime is defined as any country in which tax paid is less than half of what it would have been in the UK. Companies will remain free of UK tax, however, if they pass one of three tests: the "genuine trading test," the "acceptable distribution test" or the "motive test."

Finally, loans made to a UK company out of the profits of an overseas company become taxable in a similar way to dividends.

The trouble is that, as framed, this legislation could well hit many activities that have nothing or little to do with tax avoidance.

Several multinationals claim that the changeover in the residence rules might affect the status of subsidiaries. The one-off impact of a switch in terms of a clawback of tax relief already granted could be very costly.

Looking ahead, some subsidiaries risk becoming dually resident and losing the benefit of some double tax treaty provisions.

The "privileged tax regime" is particularly disliked by the banks because it contains a disclosure of information requirement. They argue that without a guarantee of secrecy in banking operations abroad, they will simply lose business.

Definitions are so tightly drawn that the operations of many institutions—particularly financial ones—will fail to meet the genuine trading test. Even multinationals which choose to use foreign holding companies might fail the test.

The hurdle of the acceptable distribution is high, which means that many companies would have to rely on the motive test under which it would have to appear to the Inland Revenue that avoidance of tax was not "one of the main purposes" of any transaction making up the profits.

Moreover it will not be purely those subsidiaries in recognised tax havens that are at risk. The definition of a privileged tax regime is such that many companies believe that their U.S. operations could be caught in the net.

On the surface, the last minute rush to kill the proposals seems a little odd. The draft legislation was made available in early December, and follows the lines of a consultative paper released at the beginning of 1981 (which drew a universally hostile response).

Companies' tax experts, however, only got down to work in the New Year and have been busy drawing up their responses for the Revenue against a February 26 deadline. Only in the last week or so have the implications percolated up to boardrooms.

The worries grew as companies in different sectors began to ponder the implications of the "yellow peril" — the title which the colour of the cover has earned the draft legislation. Would captive insurance be safe? What about Eurobonds? Could one lease abroad? What would be the residence of managed funds?

When the Institute of Fiscal Studies held a seminar on the subject last Wednesday the room in the Regent Palace Hotel was jam packed, and views were expressed with rare vigour.

It looks as if behind the concern of the audience lies a growing distrust of the Revenue. Five years ago the Revenue was generally seen as a body which operated by consent. But it has followed up its court victories over tax avoidance schemes this year with great aggression. No one last week seemed prepared to credit the Revenue with the discretion to operate a motive test.

Private borrowing 'upset Howe's economic strategy'

BY DAVID MARSH

INDIVIDUAL BRITONS have thwarted Sir Geoffrey Howe's economic strategy by refusing to accept the cuts in living standards imposed in the last Budget, according to a stockbroking study of the Government's monetary policy published at the weekend.

Rather than accept the Government's medicine, the personal sector borrowed heavily from the banks during the last 12 months to offset higher taxes and maintain consumption, says Mr Mike Osborne, economist at stockbrokers Grieveson Grant.

This surge in bank loans helped to stop consumption falling last year, as it might otherwise have done during the recession, but it boosted the sterling M3 money supply to well above the Chancellor's target. This was in spite of his success in keeping down public sector borrowing to planned levels during the 1981-82 financial year, Mr Osborne says.

The moral for Sir Geoffrey's Budget tomorrow, is that "a lower public sector borrowing requirement is neither necessary nor sufficient for a lower rate of growth of the money supply."

Instead, should the Chancellor wish to control the quantity of money in the economy, Mr Osborne advises him to try to influence the borrowing requirement of each sector of the economy.

The personal sector borrowing requirement rose to £14.25bn in 1981/82 from £11.75bn in 1980/81. For the first time in several years the public sector borrowing requirement for 1981/82 seems likely to have been on target at about £10.8bn. The corporate sector borrowing requirement, too, was much smaller than personal borrowing.

"The tight fiscal stance adopted by the Chancellor in 1981 Budget was a primary cause of this surge in personal sector borrowing . . .

"In cutting his own demands on the capital market by raising the borrowing needs of those sectors who do not have access to the markets, the Chancellor clearly contributed to the expansion of the money supply in the last 12 months."

Mr Osborne concedes that some of the rise in bank lending to the personal sector has been to unincorporated businesses, which rely heavily on borrowings to finance expansion.

INSURANCE

China adopts aggressive policy

BY JOHN MOORE

AN AGGRESSIVE policy is being adopted by the insurance industry in China which is likely to add to the extensive competitive pressures existing in world insurance markets.

The People's Insurance Company of China, a state-owned insurance company established in 1949, is extending its underwriting of domestic insurance business in its own markets and reinsuring less in international markets. It is looking for increased participation in world insurance and reinsurance markets.

Developments in China were disclosed last week at a London conference, Reinsurance at the Crossroads? by Mr Pan Lu-Fu, deputy manager of the People's Insurance Company.

The company transacted property, life and livestock insurance as well as crop insurance business until 1958. For the next 20 years it insured business related to China's economic exchange with foreign countries, such as insurance on transport of China's imports and exports, ships, aircraft, property insurance for foreign missions and foreign residents and international reinsurance.

Over the past three or four years the range of insurance business underwritten in China has been extended. Risks underwritten include contractors' all risks, oil exploration, employers' liability, product liability and political insurance including war, confiscation and requisition by governments of property.

In some regions the insurance protection offered has been extended to cargo transportation, motor and third party liability, and hull insurance. By the end of 1980 the amount of property insured had reached the equivalent of $72bn, generating premium income of $161m.

With the increase of direct business, the company has reinsured its marine, cargo, marine hull, aviation, construction and oil exploration in the international insurance markets. The group has reinsurance relationships with 960 or more insurance, reinsurance and broking operations in more than 120 countries and regions.

The inward insurance premium for 1980 in the company amounted to $123m. To reduce foreign exchange outflow the company takes in a big amount of reinsurance from overseas markets on marine, fire, aviation and casualty and other non-marine reinsurance.

If the Chinese are determined to retain conventional lines of domestic business, it is likely that the international reinsurance community will have opportunities to reinsure the catastrophic types of risks. Large commercial projects in China or risks of a particularly hazardous nature could not be supported by present capacity.

The company is establishing worldwide business connections. It has established a liaison office in London for developing its London market connections; it is a member of the South Place Syndicate on the New York Insurance Exchange and has established a joint venture with American International Group.

Right is strongly placed in AUEW poll

By Our Labour Editor

BALLOTING for three key posts in the leadership of the Amalgamated Union of Engineering Workers begins tomorrow, with Right-wing candidates in the strongest positions.

The posts are going to postal ballot of the 900,000 members for a second time because the first-round winners had no clear majority over all other candidates as the rules require.

The right-wing candidates for the two executive council seats, Mr Ken Cure, West Midlands, and Mr John Weakley, South-West, both incumbents, topped their polls and are expected to win this time.

The crucial battle is between Mr Ken Brett and Mr Gavin Laird for general secretary.

Mr Brett, a Communist, and one of the union's two assistant general secretaries, topped the poll with 55,143 votes, to 54,708 for Mr Laird, a right-winger and executive council member for Scotland.

It is thought likely that the 21,805 votes for Mr Gerry Russell, executive council member for the North-West, who drops out, will largely go to Mr Laird.

The left in the union has worked hard for Mr Brett's victory, attacking the right-wing leadership for lack of militancy.

For the less critical post of national organiser, Mr Bill Timms, who had 56,081 votes in the first round, is opposed by Mr Harry Cutts, a left-winger, who had 25,067.

● Mr Dave Stirzaker, national gas officer of the National and Local Government Officers' Association, said yesterday that the union's members in the industry would strike "if necessary" to prevent government sale of parts of the gas industry.

Nine unions agree to BSC cuts

BY BRIAN GROOM, LABOUR STAFF

THE British Steel Corporation said last night it had reached agreement on flexible manning and new working practices with nine out of the ten unions at its Ravenscraig works in Scotland.

The corporation still faces a potentially explosive situation today when it intends to introduce the measures without the approval of the biggest union, the Iron and Steel Trades Confederation.

Some unions had already signed deals, and BSC said that agreement yesterday afternoon with craft and maintenance unions meant the plan had won the approval of a majority of the workforce.

The plan, which involves 600 redundancies, is said by management to be vital to the future of the loss-making Ravenscraig works. Workers will receive increases in lump-sum bonuses in return for productivity measures.

● The five-week sit-in at Plessey's capacitor plant at Bathgate near Edinburgh, caused by the company's decision to close the factory, will be discussed at the London offices of Acas today according to union representatives, Mark Meredith writes.

Bathgate workers are expected to be joined by delegations from Plessey plants in England to picket the company headquarters in London and lobby MPs about their case against the closure.

Tomorrow will also be an important day for the Plessey workers when the company's court order to seek an end to the sit-in comes before an Edinburgh court.

Ten days ago Plessey's injunction was overruled by a judge following a submission by the advocate representing the workers that the sit-in force might be immune from prosecution because the workers were pursuing a trade union dispute.

Plessey appealed against this decision and the court ordered the workers' defence to produce its answers in writing at tomorrow's hearing.

Plessey has already issued redundancy notices to workers not involved in the strike. It wants to shut the factory at the end of this month and remove equipment.

About 320 jobs would be lost in the closure. The Plessey sit-in force of about 200 workers—most of them women — has argued that there is still a market for capacitors from the plant.

Civil Service unions split on footing bill

An inter-union dispute is the legacy from last year's unity. **Phillip Basset** reports

CIVIL SERVICE union leaders are divided on how to apportion among members of the Council of Civil Service Unions the costs of last year's 21-week strikes over pay.

The effects of the inter-union dispute include a threat to the continued financial existence of a CCSU constituent union, and the fact the union with most members on strike, the tax staffs' union, both made the greatest pro rata contribution to the strikes and is owed the most money.

The issue is known in the CCSU as the "equalisation" of the strike costs. It has precipitated acrimonious splits between the nine unions. The dispute emphasises difficulties facing trade unions intending to mount concerted strike action under an umbrella organisation. It has raised traditional inter-union rivalries and is a major test of CCSU unity.

The row dates to before last year's strikes began. Preparing for the dispute the unions agreed in principle to apportion costs between themselves. They did not agree then how this was to be done.

The agreement to divide costs allowed the unions to pull out staff in selected key areas, such as computer staff controlling the flow of revenue to the Exchequer, and to pay them full strike pay to allow them to fight on behalf of all the 530,000 white-collar civil servants.

The unions funded the campaign by making over sums of money, worked out in proportion to their membership size, and by levies of their own members. Levies varied, depending on the closeness of each union's involvement in the strikes.

The unions did not, however, foresee the length of the campaign. This drastically reduced their ability to meet their equalisation costs. Further, had some unions realised in the dispute the wrangle over costs that was to follow, they might have pulled out rather than build up debts they could not meet.

The accompanying table shows the costs of the dispute to the major unions and how they were met.

From these figures can be shown the unions' approximate pro rata contribution rates per member during the dispute. These vary widely. The Inland Revenue Staff Federation (IRSF) paid more than £24 per member: the technical Institution of Professional Civil Servants (IPCS) £20; the executive-grade Society of Civil and Public Servants (SCPS) more than £19; the clerical Civil and Public Services Association (CPSA) more than £11; and the lower-grade Civil Service Union (CSU) under £7.

This shows the IRSF contributed far more per member than any other union. The main dispute of the equalisation issue is between the IRSF and the CPSA, which though the largest union in the Civil Service had a pro rata contribution rate of less than half the IRSF, a quarter of its size.

Lengthy discussions led by Mr Bill Kendall, CCSU secretary general, have taken place to try to equalise these costs. Four main formulas have emerged. These are based on:

● Individual unions' seats on the CCSU—under this the CPSA would owe just under and the CSU just over £500,000;

● Membership of unions—a similar result;

● Weighting in favour of the low-paid—under this the CPSA would be owed more than £600,000, while the IPCS and SCPS between them would have to pay out more than £1m; and;

● Weighting based on members' ability to pay.

These formulas are causing three problems. Firstly, depending on which is used, unions are either creditors or debtors, casting doubt on the formula's validity.

Second, all four show the IRSF to be owed between £500,000 and £800,000.

Third, each effectively bankrupts the financially squeezed CSU, by making the payments due from it £200,000 to £300,000, which would force the union under.

Most of the unions would like the whole issue to be dropped. The IRSF, however, is holding out for the CPSA to make a large contribution to payment it sees as due. The IRSF executive, though, is prepared to waive payment owed by the CSU rather than see it plunged into bankruptcy.

Bad blood has arisen between the CPSA and the IRSF. The CPSA refuses to make a payment which would deprive it of the ability to mount industrial action. Some CPSA officials talk of the IRSF trying to make a profit from the dispute, or even trying to fund its £2m new London headquarters.

The IRSF feels a major union like the CPSA should stop trying to throw its weight about and should meet its commitments.

Talks are taking place to resolve the issue. Few are hopeful of early success. A compromise and something positive to emerge from the dispute, could be the setting up of a central CCSU fund. Into this unions owing money, such as the CPSA, could over a period, contribute while creditors, such as the IRSF, would not.

Union & members	Amount paid in strike pay £	Amount paid into strike account £	Amount received from account £	Total contribution (2+3−4) £
CPSA (220,000)	2,442,994.03	350,000	370,000	2,422,994.03
SCPS (105,000)	1,066,824.64	950,000	—	2,016,824.64
IPCS (100,000)	863,649.00	1,165,000	—	2,028,649.00
IRSF (45,000)	3,605,161.06	—	2,000,000	1,605,161.06
CSU (45,000)	600,939.80	—	290,000	310,939.80
TOTAL (inc. other unions & interest)	8,884,073.09	2,815,000	2,815,000	8,884,073.09

Communists urge union rejection of Tebbit Bill

By John Lloyd, Labour Editor

THE COMMUNIST Party is to use the considerable strength it commands in industry to swing unions round to fundamental rejection of the forthcoming employment legislation, including a refusal to appear in court or pay damages awarded against them.

Some of the tactics the party will argue for are already TUC policy — such as forbidding affiliated unions to use state funds for ballots, not co-operating with industrial tribunals on cases arising from the legislation, and supporting unions under legal attack by employers.

Many will however, go beyond these proposals, which will be put to a conference of union executives on April 5. The party intends to urge withdrawal from the National Economic Development Council — already rejected by the TUC general council — refuse to appear in court once the legislation is passed and refusal to pay any compensation or damages awarded against them.

Deliberate incitement to break the law once the Employment Bill is passed would shatter the consensus on action constructed by the TUC. The TUC wants to stay within the broad definition of of careful militancy, in keeping with the muted level of union activism over the past two years.

The Communist Party's tactics are spelt out in a pamplet — "Tebbit's Bill — Kill it" — published today and written by its industrial organiser, Mr Mick Costello. In his foreword, Mr Costello says: "The TUC should make non-co-operation with the Bill mandatory for all unions, and massive industrial action be made the immediate response should anyone be gaoled under its provisions."

Among tactics proposed are:

● Industrial disputes should continue to be conducted in the most effective way, with no regard to legislation.

● Union funds "should not be wasted on futile and expensive legal fees

"Tebbit's Bill—Kill it": by Mick Costello; published by the Communist Party, 16, St. John Street, London, EC1M 4AL; 40p.

Fresh moves over Militant candidates

BY PETER RIDDELL, POLITICAL EDITOR

AN ATTEMPT will be made today to re-open the question of whether supporters of the far-left Militant Tendency should be endorsed as Parliamentary candidates for the Labour Party.

The party's organisation sub-committee will be considering the position of Mr Pat Wall, a prominent Militant supporter who has been chosen in Bradford North in preference to Mr Ben Ford, the sitting MP.

Mr Wall's endorsement was blocked at last month's national executive meeting because of alleged technical irregularities in the selection procedure. Mr Ford has threatened to stand as an independent candidate.

The controversy has been increased by the disclosure of Mr Wall's view that the monarchy and the House of Lords should be abolished and that under a Labour Marxist government, senior judges, generals, civil servants, and police chiefs should be dismissed.

The row highlights the fragile nature of the public truce between the various factions in the Labour Party and comes at a time when the party's standing as shown in both local election results and opinion polls has been improving.

Mr Roy Hattersley and Mr Peter Shore, joint leaders of the party's moderate Solidarity Campaign, strongly opposed Mr Wall's endorsement as candidate yesterday. Mr Shore said on BBC radio that Mr Wall's views had nothing to do with democratic socialism.

Today's organisation sub-committee is most likely to order another re-selection conference. But it is possible Mr Wall will again be chosen.

Sub-committee member Mr John Golding, a prominent MP on the right/centre of the party will try to re-open the whole question of endorsing Militant candidates. Solidarity supporters have argued that endorsements should be suspended until the inquiry into Militant reports in June. This line will be resisted by many on the left who argue that local parties should be able to select whomsoever they want.

Mr Ford said yesterday: "If a particularly hard left candidate were adopted who does not espouse parliamentary democracy then I would have no alternative but to stand against him."

Think-tank identifies list of SDP policy priorities

BY OUR PARLIAMENTARY EDITOR

THE POLICY of the Social Democratic Party should give first priority to increasing the investment in public and private sectors, according to the first pamphlet, Investing in Innovation, produced by the Tawney Society, an unofficial think-tank formed by some members of the party.

In it Professor Peter Hall, of Reading University, urges emphasis be placed on new science-based industries. He suggests there should be deferred tax cuts, whereby taxpayers would be allowed to invest in a variety of productive enterprises.

Government policy should expand the national science budget for industrial applications, through a body modelled on Japan's Ministry of International Trade and Industry. The professor says this may involve a reversal of regional planning policies.

Investing in Innovation; Tawney Society, 18, Victoria Park Square, London E2; £1.50.

Print pay talks break down

NEGOTIATIONS FOR a new national agreement between the Newspaper Society and print unions the NGA, Natsopa, Slade and Sogat have broken down.

The NS said yesterday it had offered an increase of 8 per cent, amounting to £6.50 a week on basic rates for craftsmen, but the unions had claimed up to £11 a week, plus a fifth week's holiday, a shorter working week and increased rates for working on bank holidays.

BOND DRAWINGS

KINGDOM OF NORWAY — US.$25,000,000
5½% 20 YEAR EXTERNAL LOAN OF 1964

HAMBROS BANK LIMITED hereby gives notice that, in accordance with the terms and conditions of the above loan, the redemption due 13th May, 1982, has been effected by the drawing of the under-mentioned bonds amounting to US.$2,470,000 (nominal) on the 22nd February, 1982, for redemption at par. The outstanding balance after the 13th May, 1982 redemption is US.$5,355,000 (nominal).

The drawn bonds may be presented to Hambros Bank Limited, 41, Bishopsgate, London, EC2P 2AA, or to the other Paying Agents named on the bonds.

For payment in London, bonds will be received on any business day and must be left three clear days for examination.

BONDS OF US$1,000

1	26	38	49	50	9426	9427	9428	9429	9434	19999	20000	20006	20007	20008
55	71	79	80	82	9438	9441	9447	9465	9469	20038	20039	20040	20043	20045
83	106	109	110	112	9472	9474	9496	9497	9500	20046	20047	20048	20049	20050
114	115	116	117	120	9502	9507	9519	9521	9532	20053	20054	20059	20067	20070
121	125	126	134	139	9546	9551	9557	9558	9563	20072	20075	20079	20080	20082
241	261	264	265	266	9586	9587	9595	9599	9600	20093	20095	20111	20116	20117
268	269	271	273	341	9605	9606	9607	9608	9609	20118	20119	20120	20121	20122
402	405	420	447	566	9610	9612	9614	9616	9691	20123	20124	20125	20126	20127
648	650	653	658	672	9702	9713	9716	9717	9794	20128	20129	20130	20131	20132
702	717	722	723	731	9823	9826	10025	10069	10090	20133	20134	20135	20136	20138
748	749	751	752	769	10221	10222	10223	10224	10287	20165	20166	20167	20168	20170
795	799	800	825	830	10405	10409	10410	10411	10413	20172	20173	20177	20179	20181
948	950	951	952	956	10421	10422	10423	10425	10463	20185	20186	20187	20189	20191
963	964	966	967	976	10466	10469	10488	10490	10503	20196	20199	20201	20219	20230
977	978	979	1015	1030	10585	10587	10589	10726	10748	20231	20233	20236	20237	20245
1042	1046	1132	1138	1143	10752	10818	10820	10825	10829	20246	20251	20257	20266	20274
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8597	8599	8600	8740	8743	19559	19568	19569	19600	19705	24728	24729	24730	24731	24732
8768	8771	8786	8788	8794	19706	19711	19712	19719	19721	24733	24735	24736	24737	24742
8799	8800	8801	8802	8803	19725	19727	19746	19751	19752	24743	24746	24747	24749	24753
8804	8815	8821	8825	8837	19803	19810	19811	19814	19818	24766	24786	24788	24796	24800
8848	8877	8878	8880	8883	19819	19831	19836	19837	19854	24803	24812	24813	24842	24844
8895	8896	8901	8902	8903	19863	19887	19889	19891	19893	24848	24849	24869	24901	24902
8904	8905	8906	8918	8919	19895	19901	19903	19904	19907	24906	24912	24920	24922	24925
8950	8956	8971	8973	8977	19905	19909	19915	19916	19929	24929	24937	24943	24956	24957
8991	8992	8997	9004	9067	19930	19931	19940	19943	19947	24958	24961	24963	24964	24965
9119	9203	9212	9217	9234	19950	19951	19954	19955	19960	24966	24967	24968	24990	24991
9225	9271	9365	9416	9417	19990	19991	19993	19995	19998					

HAMBROS BANK LIMITED
8th March 1982

KINGDOM OF DENMARK — US.$25,000,000
5½% 20 YEAR EXTERNAL LOAN OF 1964

HAMBROS BANK LIMITED hereby gives notice that, in accordance with the terms and conditions of the above loan, the redemption for 8th April, 1982 has been effected by purchase of US.$909,000 (nominal) and the under-mentioned bonds amounting to US.$591,000 (nominal) were drawn on 22nd February, 1982, for redemption at par. The outstanding balance after the 8th April, 1982, redemption is US.$3,420,000 (nominal).

The drawn bonds may be presented to Hambros Bank Limited, 41, Bishopsgate, London, EC2P 2AA, or to the other Paying Agents named on the bonds.

For payment in London, bonds will be received on any business day and must be left three clear days for examination.

BONDS OF US.$1,000

13	65	70	154	155	[illegible]	[illegible]	[illegible]	[illegible]	12716	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1123	1125	1157	1158	1160	14595	[illegible]	14618	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5002	[illegible]	5012	5028	5035	19320	[illegible]	19332	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6121	6201	6202	6203	6225	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6673	6680	6717	[illegible]	[illegible]	21080	21081	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6753	6754	6759	6865	[illegible]	21095	21135	21136	[illegible]	[illegible]	24926	24928	24946	24965	24967
6890	7045	7066	7070	7071	21159	21167	21174	21176	21178	24993				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]					
10171	10183	10219	10341	10346	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]					
[illegible]	10625	10699	10726	11125	21820	[illegible]	[illegible]	[illegible]	[illegible]					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]					
11933	11982	12026	12027	12028	22118	22120	22122	22130	22252					

The following bonds from previous drawings have not yet been presented for payment:—

Bonds Drawn For Payment On:
8th April 1978
2514 11225

Bonds Drawn For Payment On:
8th April 1981
1135 2141 2585 15476 16085
24998

HAMBROS BANK LIMITED
8th March 1982

KINGDOM OF NORWAY
U.S.$30,000,000 5½% 20 YEAR
EXTERNAL LOAN OF 1965

Bondholders of the above loan are advised that the redemption due 1st April, 1982, i.e. U.S.$2,413,000 nominal has been effected by purchase.

The outstanding balance after the redemption is U.S.$8,983,000.

HAMBROS BANK LIMITED
8th March, 1982

LECTURES

GRESHAM LECTURES in Medical Science. The Physiology of Respiration by Professor [illegible]. One-hour lectures at The City University, Northampton Square, London EC1, at 6.00 pm, March 9th, 16th, 23rd. Admission free.

GRESHAM LECTURES in Astronomy. The Planets of the Universe and their Life by Professor [illegible]. Gresham lectures at The City University, Northampton Square, London EC1, at 6.00 pm, March 9th, 16th, 23rd. Admission free.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	Footwear and accessories show (01-739 2071) (until March 9)	Exhibition Centre, Harrogate
Mar 9-13	The Business Enterprise Show (01-636 3716)	NEC, Birmingham
Mar 9-20	Chelsea Antiques Fair (0727 56069)	Old Town Hall
Mar 9-Apr 3	Daily Mail Ideal Home Exhibition (01-222 9341)	Earls Court
Mar 14-17	International Glass and Glass Technology Exhibition—GLASSEX (0378 77366)	NEC, Birmingham
Mar 14-18	Autoquip Exhibition (01-235 7000)	Olympia
Mar 14-18	The London Shoe Show (01-739 2071)	Kensington Exbn Centre, W8
Mar 22-26	London Fashion Exhibition (01-385 1200)	Olympia
Mar 25-26	Wine Fair (0734 481713)	New Horticultural Hall, Westminster
Mar 25-Apr 2	Metalworking '82 Exhibition (0737 68611) and International Metalcutting Machine Tools Exhibition (01-402 6671)	NEC, Birmingham
Mar 28-Apr 1	British Exhibition of Fine Jewellery and Sterling Silver (01-493 7628)	Goldsmith's Hall, London
Mar 29-Apr 1	International Diecasting Exhibition (0737 63313)	NEC, Birmingham
Mar 29-Apr 1	Audio Visual Exhibition (01-688 7785)	Wembley Conf. Centre
Mar 31-Apr 3	Fashion Fabrex Exhibition (01-385 1200)	Olympia
Apr 5-7	Concrete Society Exhibition and Conference (01-730 8252)	Met. Exbn. Hall, Brighton
Apr 7-14	Birmingham Motor Show (0602 51203)	Bingley Hall

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	Winter Sports Equipment Exhibition (01-439 3964) (until March 9)	Grenoble
Current	International Fashion Trade Fair — IGEDO (01-409 0956) (until March 10)	Dusseldorf
Current	International Agricultural Exhibition (01-439 3964) (until March 14)	Paris
Mar 11-21	Household Appliance Trade Fair (01-486 8686)	Sao Paulo
Mar 14-20	International Spring Fair (01-493 3111)	Leipzig
Mar 16-19	Shipcare Exhibition (05833 6155)	Hamburg
Mar 16-21	Brighter Homes and Do-It-Yourself Exhibition (Dublin 694022)	Dublin
Mar 18-23	Woodworking Machinery Exhibition (01-439 3964)	Paris
Mar 18-26	Petroleum Show (01-486 1951)	Peking
Mar 21-25	Middle East Business Equipment Show (01-486 1951)	Bahrain
Mar 23	International Computer Conference and Exhibition (01-994 6477)	Frankfurt
Mar 23-27	International Energy and Engineering Trade Fair (01-236 0911)	Stuttgart
Mar 25-28	The Fourth International Travel Fair—TRAVEL 82 (021-705 6707)	Singapore
Apr 6-9	First International Energy Technology Exhibition (01-839 5041)	Tokyo

BUSINESS AND MANAGEMENT CONFERENCES

Mar 8-9	AMR/Euromoney: Aerospace International Shipping Financing Energy Techniques (01-262 2732)	London Press Centre
Mar 10-12	Esomar: Profitable co-operation of manufacturers and retailers (020 444995)	Munich
Mar 11-13	Summit Conference and Exhibit Group: 8th Symposium on Crime in Business (04912 3675)	Churchill Hotel, W1
Mar 15-18	IPM: The Elements of Salary Administration (01-946 9100)	Embassy Hotel, W2
Mar 17	Institute of Credit Management: National Conference (0990 23711)	Hilton Hotel, W1
Mar 17-18	FT Conference: European Pulp and Paper in the 80s (01-621 1355)	Finlandia Hall, Helsinki
Mar 18	Institute of Marketing: Action for Recovery Conference (01-660 7525)	Hilton Hotel, W1
Mar 18-19	London Export Conferences: Nigeria—Future Programmes (0822 3577)	Churchill Hotel, W1
Mar 18	Institute of Marketing: National Conference (06285 24922)	Hilton Hotel, W1
Mar 20	University of Reading: Strategic Factors in the Growth of International Business (0734 85123)	Reading
Mar 22	Oyez-IBC: European Symposium on the Candu Reactor (01-242 2481)	Portman Hotel, W1
Mar 23	IFS: Currency Differentials (0990 23711)	Midland Hotel, Manchester
Mar 24	CBI: Business Realities—Are We Understood? (01-379 7400)	Centre Point, WC1
Mar 25-27	The Institute of Administrative Management: Administrators of the Future (01-658 0171)	Bournemouth
Mar 25-26	DRI Europe: After the Recovery: Planning for Renewed Growth (01-222 9571)	Waldorf Hotel, WC1
Mar 25-26	The American Chamber of Commerce (United Kingdom): Operating in British Industry—An In-Depth Briefing for Senior American Executives (01-370 3176)	Dorchester Hotel, W1
Mar 26	Dun and Bradstreet: Understanding Credit and Collections (01-247 4377)	Cafe Royal, W1
Mar 29-Apr 2	RRG Conferences: Reinsurance Practice (01-236 2175)	Ryl. Westminster Hotel, SW1
Apr 4-7	University of Leeds: Freight Transport Policy—The Role of New Technology (0532 35036)	Harrogate
Apr 6-7	Lloyd's of London Press: Ship Finance (01-730 2182)	Singapore
Apr 7	The Henley School of Forecasting: Corporate Plans after the Budget (01-353 9961)	London Press Centre, EC4

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

UK CONTRACTS

£8m steelwork at Heathrow

STEELWORK for Heathrow's major new terminal 4, designed to boost passenger handling capacity by 8m a year, is to be fabricated and erected under an £8m contract awarded to ROBERT WATSON AND COMPANY (CONSTRUCTIONAL ENGINEERS), Bolton. The company will supply steelwork for a terminal building 600 metres long and up to 200 metres wide. The contract includes 75,000 sq metres of metal decking. A feature of the development will be the incorporation of cantilever tubular trusses with a 41.5 metres span. The total project is expected by the British Airports Authority to cost £220m at completion. It includes new roads, taxiing areas, aircraft stands and car parks in addition to the terminal building itself. When terminal 4 opens in 1985 it will increase the airport's capacity from 30m to 38m passengers a year. The overall project is being managed by Taylor Woodrow Construction.

★

A £3m development has started at Heathrow Airport's Terminal 2, which will lead to improvements to the terminal's baggage reclaim area, enabling passengers to complete arrivals formalities more conveniently and in greater comfort. The work will be carried out in phases, to minimise disruption. Main contract has been awarded to FARROW CONSTRUCTION.

★

CONTRACTS VALUED at over £3.7m have been awarded to WILLIAM TAWSE, part of Aberdeen Construction Group. The first, valued at £1.8m, has been awarded by Strathclyde Regional Council for the reconstruction of a 7.5 km section of the Lochgilphead - Campbeltown road, and will include three minor bridges and 38 culverts. The second contract worth £1.3m has been awarded by Lothian Regional Council for the construction of the Levenhall pumping station, part of the Tranent and Musselburgh sewage disposal scheme. Tawse has been awarded a £650,000 contract by Grampian Regional Council for the construction of a section of duel carriageway at Tyrebagger Hill, north of Aberdeen city boundary.

★

REED AND MALLIK (MIDLANDS), civil engineering division of the Rush and Tompkins Group, has started work on a £2.2m by-pass for Heckington on the King's Lynn/Sleaford/Newark stretch of the A17 trunk road in Lincolnshire. A 72-week work schedule has been agreed for the construction of the 4.5 km by-pass for the "bottleneck" Heckington village, which retains an unusual eight-sail windmill and a fine 14th-century cruciform church.

★

BEECHWOOD CONSTRUCTION (HOLDINGS) has been awarded civil engineering contracts to the value of £2.5m. Work has started on a £1.25m contract at the Fforestfach Industrial Estate, Swansea, for the Welsh Development Agency. This includes installation of large and small diameter sewers, earth-moving, landscaping and road construction on a 26-hectare site. Water mainlaying work for the Anglian, Severn Trent and Welsh Water Authorities has also been secured, together with a contract in Scotland for the Highland Regional Council, totalling £1m. A £350,000 contract, covering the construction of an abattoir at Cardigan, has also been obtained.

★

SPARROWS CONTRACT SERVICES, Bristol, has been awarded a contract worth about £200,000 to lower, dismantle, re-assemble and raise into position two travelling gantries and associated shuttering being used to construct viaduct box girder spans of the approach roads of the Orwell Bridge, Ipswich. Working for the main civil engineering contractors, Stevin Construction BV (a member of the Royal Volker Stevin group), Sparrows' engineers are using a strand jacking system with four jacks.

Refurbishing Lutyens house

MWT ARCHITECTS, Southampton, has produced a £6m refurbishment scheme to Daneshill House, a country mansion near Basingstoke, originally designed by Sir Edwin Lutyens. The client is the Royal London Mutual Insurance Society, and main contractor is BRAZIER AND SON. The Lutyens house will be converted into office accommodation (10,000 sq ft) and there will be two new low-rise office buildings within the nine acre site, adding a further 40,000 sq ft. Work should be completed by early 1983.

★

CLUGSTON CONSTRUCTION, Scunthorpe has been awarded contracts totalling almost £10m. This includes: surface amenity buildings and ancillary works at Barnsley Main Colliery valued at £3.5m; £1.25m boiler and power house project at the British Sugar Corporation factory at Bardney; an £800,000 section of the River Idle improvement scheme at Bawtry for the Severn Trent Water Authority; and work will commence shortly on a gas handling project at Hornsea for the British Gas Corporation, contract value £590,000.

★

The southern region office of WILLIAM MOSS (CONSTRUCTION), has secured two contracts totalling some £6m. Both are for developments by London and Provincial Shop Centres (Holdings) in Slough. The first comprises an office block and car park in Windsor Road, Slough where work has started for completion in 75 weeks and where the contract is valued at £3.6m; while the second is for smaller office blocks at the Triangle site in the High Street where the contract is worth £2.4m.

★

A £3m contract to design and build the cooling system of an electricity converter station — part of a cross-Channel power link—has been won by TAYLOR WOODROW CONSTRUCTION.

Parliamentary diary

TODAY

Commons: consideration of a timetable motion on the Oil and Gas (Enterprise) Bill. Canada Bill, third reading.

Lords: Travel Concessions (London) Bill, second reading. Administration of Justice Bill, second reading. Deer (Amendment) (Scotland) Bill.

Select Committees: Home Affairs: sub-committee on race relations and immigration. Subject—immigration from the Indian sub-continent. Witnesses: United Kingdom Immigrants Advisory Service (room 15, 10.45 am).

Education, Science and the Arts: Subject — public and private funding of the arts.

Energy: Subject — combined heat and power. Witnesses: Central Electricity Generating Board, Electricity Council; Northern Engineering Industries (room 8, 4.30 pm).

TOMORROW

Commons: Budget statement. Opposed private business after 7 pm.

Lords: Civic Government (Scotland) Bill, report. Debate on plans for the economic and social development of Pitcairn Islands.

WEDNESDAY

Commons: continuation of *Budget debate.*

Lords: debate on the need for improved medical care in *the National Health Service*

Select Committees: Defence: Subject—Ministry of Defence organisation and procurement. Witness: Mr Kenneth Warren MP, Ministry of Defence (room 15, 10.30 am).

Industry and Trade: Subject —*the Post Office. Witnesses:* Mr Kenneth Baker MP, Minister of State, and officials from the Department of Industry (room 16, 10.30 am).

Scottish Affairs: Subject — rural road passenger transport and ferries.

Home Affairs: Subject — police complaints procedure. Witness: Lord Belstead, Parliamentary Under-Secretary of State, Home Office (room 8, 11 am).

Transport: Subject — transportation in London. Witnesses: *Rt. Hon. David Howell MP,* Secretary of State, and officials (room 17, 4.15 pm).

European Legislation. Subject — Common Agricultural Policy price fixing 1982-83.

Welsh Affairs: Subject — water in Wales.

Committee on Private Bill. Unopposed Bills: West Yorkshire (Parking and Transport) Bill (room 9, 4.00 pm).

THURSDAY

Commons: Budget debate.

Lords: *Taking of Hostages* bill, committee. Local Government (Miscellaneous *Provisions) Bill, committee.* Representation of the People (Variation of Limits of Candidates' *Election Expenses) Order 1982.*

FRIDAY

Commons: Private Members' Motions.

BUILDING AND CIVIL ENGINEERING

Concrete base for Tarmac in U.S.

CHARLIE FUNK, one-time Tennessee lawyer and restaurateur, loves a challenge and reckons he has found one with Tarmac, the UK-based construction-to-building products group which is stepping up its activities in the United States.

Funk found himself on the payroll when Tarmac scooped up its first U.S. acquisition in 1980 and he believes the group's plans will provide plenty of scope for his own ambitions.

Though he may not, at first sight, appear to have much in common with Ernie Hughes, the soft-spoken Black Country man sent out to head up Tarmac's American operations, they share a knowledge and experience of a part of the construction market which they both love. Ready mix concrete and concrete blocks may not set the world on fire, but they can claim to hold half of it up and, in a market like the United States, they represent very big business.

Neither is there any doubting Funk's admiration for the British approach to the industry. "The Tarmac guys are good. They know their business as well as anyone over here but they just go about it in a more gentlemanly way.

"The group intends to grow in the U.S. and I intend to grow with them. Since they arrived and took us over, they have gone on to buy out companies which I wanted to acquire for a long time.

Tarmac's arrival in the U.S. follows names like RMC, Amey and Tilcon and has been a characteristically low-profile affair (a bad experience in West Germany taught it the benefits of locally experienced management). While it has been co-ordinated under the Tarmac Roadstone U.S.A. banner, the flag-waving has been kept to a minimum. According to Ernie Hughes, there is no point is disrupting a good customer-supplier relationship. He also admits that, in some quarters at least, foreign ownership is a touchy area.

Door to U.S.

The door to the U.S. market opened with the acquisition in Florida of Amcon, a ready mix concrete producer, and Concrete Products, a block-making operation. Both were 100 per cent-owned by Paul Schwartz, a former American airforce colonel who, with son-in-law Charlie Funk has subsequently remained on the management team.

Last year, Tarmac bought Concrete Services, a ready mix concrete and concrete block producer located in Pinellas County, Florida. At the same time, another ready mix plant was picked up from Industrial Concrete Services.

The net effect of the purchases so far has been to provide Tarmac with a significant share of the ready mix and concrete block markets in the Tampa and St Petersburg areas on the west Florida coast, a region which appears set for a period of explosive growth once the present recession is over.

The area has a population approaching 2m and now rivals Miami as the major urban area in a state now attracting 250,000 new residents annually.

Tarmac's moves have, in under two years, brought it nine batching plants (a tenth will open in April) and a 22 per cent share in the local ready-mix market, as well as three block-making plants which now account for about 16 per cent of all local block sales. To date, Tarmac's acquisitions represent an investment of about $12m.

Takeover trail

The takeover trail is still hot, however, and one of the group's priorities is to obtain its own source of primary materials, the aggregates which go to make up its products. Good rock is particularly hard to find in Florida, with most quarries in the hands of companies which also compete in the ready-mix and block markets. Tarmac has taken a close look at alternative ways of acquiring its own supplies and the purchase of a major, independent quarry or a greenfield site operations looks likely.

The recession has done little to advance Tarmac's short-term prospects in the area but the company may well take advantage of the plight of some competitors on the products side and add a few more scalps to its belt.

The major problem area has been the housing market, which has traditionally accounted for the bulk of concrete block sales. Since the second half of last year, sales have slumped and only the commercial market has saved producers from a far worse position.

Tarmac has problems of another kind in Texas. The purchase of Hoveringham has left it with a sand and gravel producer in Colorado County and a ready-mix company in Houston, both of which are reporting losses. The group had itself looked at them as potential takeover targets but walked away before Hoveringham stepped in.

But Ernie Hughes points out that Hoveringham had subsequently invested in the companies before they joined the Tarmac camp and he is confident that the problems will soon be over. "We have substantially come to grips with the difficulties we inherited and losses will be ended by the end of 1982."

Texas may yet prove as important as Florida for Tarmac and Georgia could also figure in future investment plans. According to Ernie Hughes: "Without exception we are enthusiastic about the opportunities. We have brought to the local market a commercial forward thinking which was largely absent as well as an ability to identify potential areas for sales growth.

"The market is having a tough time but in the UK we have lived through inflation, high money costs and low demand and have learned how to gear up for better times. We are not going to confine ourselves to Florida and Texas but, equally, we are not going to spread ourselves all over the U.S. The Sun Belt will remain the centre of attraction and there will be no shortage of opportunities for us to build on what we already have."

MICHAEL CASSELL

OVERSEAS CONSULTANCY

Power project in Botswana

KENNEDY and Donkin Africa (Botswana) (KDA(B)) and Watermeyer Legge Piesold and Uhlmann (WLPU) have been retained by Botswana Power Corporation (BPC) as consulting engnieers for the Morupule power project.

This comprises three 30 MW coal-fired power stations to be sited adjacent to the existing Anglo-American colliery at Morupule, 8 km to the west of Palapye, together with some 350 km of 220 kV transmission lines. These will provide the first interconection of BPC's northern (Sashe) and southern divisions.

Equipped with pulverised fuel boilers, the power station will feature air-cooled condensers to conserve water, which will be piped from a wellfield some 50 km to the north-west.

Finance has been applied for from World Bank, African Development Bank, Commonwealth Development Corporation, European Investment Bank, Kuwait Fund, Saudi Bank and the Arab Bank for Economic Development in Africa.

Work is proceeding with site investigations and it is expected that the first of the major contracts, covering civil engineering works, turbine/generators, condensers and boilers will be awarded by the third quarter of this year.

The first unit is due for completion by October 1985 with the following two units at three-monthly intervals thereafter.

Total cost of the project is estimated at US$262m (£145.5m).

Planning for Gulf University

BRITISH ARCHITECTS Sheppard Robson Overseas have completed the master plan for the Arabian Gulf University Project to be built in Bahrain.

The university will be a regional centre for learning and research to serve the people of the seven Gulf States who have jointly sponsored the project. Designed to accommodate 10,000 students in the year 2004 the first phase is expected to be ready for occupation in the autumn of 1985, with 3,000 students in residence by 1992.

The main 400 hectare site is at Sakhir, to the south of Manama and in addition to the teaching buildings includes a conference centre, central library, computer centre, and the administration buildings. On a second coastal site of 32 hectares, at Ras Nawmah, will be a Marine Science Centre and a recreational area with water sports facilities for students and staff.

A team of academic advisors from British universities and polytechnics has collaborated with the architects.

It is expected that tenders will be invited from major international construction companies during the next 18 months.

Associated with Sheppard Robson Overseas on this project are—Sir Alexander Gibb and Partners (engineers); Iraq Consult (architects and Islamic advisors); John Kelsey Associates (landscape architects); and Hanscomb Partnership (cost consultants).

Waterway repairs

MAJOR CIVIL engineering works are to be carried out to structures on the waterways following the decision by Government to increase Grant-in-Aid to £37.9m for the fiscal year 1982-1983.

British Waterways Board chairman, Sir Frank Price, said the increase in finance being made available enables the Board to make real progress in dealing with major problems on waterway structures now some 150-200 years old.

Repairs to major structures to be undertaken include: **Blisworth Tunnel** (Grand Union Canal, Northamptonshire); **Netherton Tunnel** (Birmingham Canal Navigations) replacement of a section of the tunnel flooring; **Preston Brook Tunnel** (Trent and Mersey Canal, Cheshire) replacement of a collapsed section of tunnel lining; **Boddington Reservoir** (supplies the southern section of the Oxford Canal) repairs to the headbank to satisfy the requirements of the reservoirs inspecting engineer and to improve reservoir capacity; **Coombs Reservoir** (supplies the Lower Peak Forest Canal) strengthening of headbank and provision of wave walls; **Beeston Weir** (Trent Navigation, near Nottingham) works to stabilise the side weir following deterioration; and **Stoke Bardolph Lock** (Trent Navigation, near Nottingham) second stage of works to stabilise structure.

Irrigation in Mozambique

SIR M. MacDONALD AND PARTNERS, in association with Hunting Technical Services, have been appointed to carry out a feasibility study for the Elefantes River integrated crop production project in Mozambique.

Due for completion later this year, the study will examine the technical feasibility and economic viability of the development of about 16,500 hectares on the right bank of the Elefantes river, downstream of Massingir dam, for irrigated agriculture. Studies will include topographic and soil surveys, hydrology, agriculture, engineering, economics and management.

Being carried out for the Secretary of State for the Limpopo and Icomati Region, Government of Mozambique, the study is funded by the Kuwait Fund for Arab Economic Development.

HGS pulls out

WHEN BRITISH GAS started to convert everybody's gas burning equipment from town gas to the natural variety, Humphreys and Glasgow decided to enter this field, using expertise already available from work in the chemical, pharmaceutical and other process industries.

Initially the diversification was successful and the company established a subsidiary, Humphreys and Glasgow Services (HGS), to handle the work. The company soon became second largest in the field, and blossomed into installing related heating and ventilating services.

When a local builder went bankrupt, HGS was invited by a housing authority to complete the modernisation of an estate, and so entered the building field.

But this departure from tradition has now run into a loss-making era, and the company has taken the rather courageous step of not seeking any further contracts in this area, although work is available. The group as a whole is nevertheless in profit for last year.

The heating, ventilating and air-conditioning design skills required for offshore and process work have been reabsorbed into the parent company.

Other companies have been appointed to act as managing agents to complete existing contracts. Lee Beesley will deal with mechanical services; J. F. Finnigan building in the south of England; and Wiltshier Group companies building in the north (Leslie and Co.) and in Scotland (Wiltshier Scotland). Contractural responsibility for these contracts remains with HGS.

Fortunately most of the HGS staff not re-joining the parent company have been absorbed by the companies taking over the contracts.

TONY FRANCE

UK BUILDING CONTRACTS

Lloyd's new building for Gleeson

M. J. GLEESON (CONTRACTORS) has a contract from Bovis Construction, for the construction of the superstructure of the new Lloyd's building in the City of London, the value of which is in excess of £16m. The contract will commence in May with completion in 2½ years.

Gleeson's has six further contracts worth over £3m. These include a design and build contract by the British Airports Authority for the extension of the British Caledonian Cargo Shed at Heathrow Airport. Value is £829,000 and completion is due on January 7 1983; at Watford the company has a contract to build a warehouse for Reunion Properties Company, a member of the Hammerson Group, at £800,000. Work has commenced for completion at the end of August.

Gleeson Civil Engineering has been awarded two contracts, the largest of which is a contract for the Welsh Water Authority to build a sludge digestion scheme at the Queensferry sewage treatment works in Clwyd at a contract value just over £700,000. Work has commenced and is due for completion in 78 weeks.

*

A £6m contract for the second stage development of Halton District General Hospital, Runcorn, has been awarded to FAIRCLOUGH BUILDING, north western division. For Mersey Regional Health Authority, this is part of a major hospital, health centre and ambulance complex at Shopping City in the centre of Runcorn New Town. It will provide wards with 236 beds and two operating theatres within four linked blocks, together with ancillary buildings. The brick-clad hospital buildings will have a reinforced concrete frame supported on the ground floor with precast concrete columns. Work has started on this 130-week programme.

*

UNIT CONSTRUCTION has won contracts in the north-west and Yorkshire totalling £5m. The two largest are for construction a new supermarket and shops for the Lennon Group, a £1.4m contract; and for Plessey Telecommunications, office building refurbishment work in Edge Lane, Liverpool, at £1m.

Norwest Holst wins £9m

NORWEST HOLST companies have been awarded contracts totalling £9m. These include: London and Leeds Investments has awarded a £940,000 package deal contract for the design and construction of 13 warehouses and industrial units together with forecourts and access road at Capitol Industrial Park, Kingsbury, London. The Worshipful Company of Haberdashers has awarded a £600,000 contract to develop a two-storey classroom, a single storey hall and staff building at the boys school at Butterfly Lane, Elstree.

The Redditch Development Corporation has awarded a £1.5m contract for a reinforced concrete multi-storey car park extension in the Redditch Town Centre. The English Industrial Estates has awarded a £640,000 contract for the construction of workshop units with associated external works at the Netherton Industrial Estate, Bootle, Merseyside.

£11.3m for Wimpey

WIMPEY CONSTRUCTION UK has been awarded contracts worth around £11.3m. The Manchester office has commenced work, valued at £7.3m, on a complex of buildings at Knutsford, Cheshire, for the National Nuclear Corporation. Work involves the erection of three 3-storey office buildings, one containing a computer suite, plus a single-storey canteen and recreation building in reinforced concrete frame with brick cladding. Work has started for completion in September 1983.

A contract valued at just over £4m has been placed with the Maidstone office by the Greater London Council for 154 brick-built dwellings. They will be built in Thamesmead Thorndene South, Abbeywood, SE2. Work starts this month for completion in the autumn of 1984.

CONTRACTS WORTH £1.5m for public and private sector work in Gwent, South Glamorgan and Avon have been awarded to FAIRCLOUGH BUILDING, Wales and south western division. Work includes an £880,000 Home Office contract for a boiler house and library at Swansea Prison, together with alterations to form a prison education block. Work has started on the two-year project.

CONSTRUCTION OF a sewer in Aberdeen and building and civil engineereing works in the North East, worth more than £1m, have been awarded to JOHN MOWLEM. Major job is at Broomhill Road, Aberdeen, a £440,000 contract from the Grampian Regional Council to construct a ¼ mile length of 4 ft diameter sewer tunnel, line it conventionally with concrete segments and install associated manhole accesses. Work has started and completion is due in late spring.

TECHNOLOGY

EDITED BY ALAN CANE

Ferranti hazard monitor for safer oil platforms

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

FERRANTI COMPUTERS has developed a microprocessor controlled hazard monitoring system to take some of the human error and much of the cost out of dealing with fire or explosion risks on offshore platforms.

The use of microprocessors has enabled Ferranti to offer a system which has drastically reduced the amount of wiring, the space required for machinery to monitor all parts of the platform as well as the flexibility to adapt to existing and future smoke and gas detection systems.

The system is designed for offshore operators updating the safety systems on their oil or gas platforms as well as construction companies building new offshore rigs.

Safety offshore is still considered too high a risk to judge the development of prevention systems on the basics of statistics of past catastrophes, according to safety engineers.

Drilling platforms may have up to £500,000 of wiring carrying information from detectors in possibly 2,000 areas throughout a platform to a central point.

The central safety monitoring point usually has an illuminated board up to 30 ft long each light indicating the type and general zone of a potential danger.

The Ferranti system consolidates all incoming signals from detectors through microprocessors to pinpoint the location and type of hazard on a videoscreen. Combinations of signals can also be programmed to trigger special reactions in terms of safety precautions or emergency measures.

The videoscreen can produce any section or subsection of a platform in outline form and mark the area where the detector has picked up smoke or gas.

The system automatically activates certain emergency procedures such as local sprinklers and also instructs the safety officer on the next step in his emergency procedures.

Constant scan

It is hoped that this eliminates the risk of oversight during the panic of a full-scale emergency. It is thought that many of the problems in dealing with fires and emergencies offshore are due to human error.

The system will also instruct the operator in the necessary "executive action" necessary to fight a fire. Problems in dealing with a crisis can also be programmed into the software to locate potential obstacles such as blocked value or faulty wire.

According to Ferranti, which has exhibited the system in Aberdeen, the fire and gas monitoring systems are also constantly scanned for faults.

The new system would replace much of the extensive wiring by using a system of multiplexing the many signals from monitoring out-stations and sending them back on a single circuit. The circuit in turn can be duplicated as a precaution.

One key advantage of using a microprocessor system is that it enables a single safety station to monitor several platforms, possibly from a single point onshore.

Although a British advance into high technology offshore will be welcome, offshore engineers concede that this is a difficult market in which to make inroads.

Civil engineering contractors are known to be conservative about their approach to safety systems fitted on platforms. A hard wire system using traditional electromagnetic connections are often considered tried and tested methods and contractors are reluctant to take on new systems, especially ones which involve decentralising much of the monitoring work.

Computer engineers admit that the technology for this latest development in fire and gas protection has been around for years.

Ferranti Computer Systems, Cheadle Heath Division in Stockport, developed the system within the space of five weeks once the go ahead was given by management following marketing studies.

Ferranti's microprocessor controlled system may take the human errors out of fire and explosion risks on oil platforms

Floating hose for LNG transfer

TI FLEXIBLE TUBES (TIFT) has launched the world's first floating cryogenic hose for the safe transfer at sea of volatile liquefied natural gas (LNG).

Until now no means have been available for transferring LNG from a stricken ship at a safe distance, in circumstances where a rescue vessel cannot come alongside.

TIFT, as a manufacturer of special hoses with experience in cryogenics, was approached by Shell International Marine, which identified a need for a floating hose. Interest was expressed by bodies responsible for marine safety, pollution control and energy conservation.

Financial and technical support was received from the Department of Industry and development work undertaken at TIFT's Oldham plant and at the Shell Research's Thornton centre. Development of the floating marine cryogenic transfer hose has cost £1m.

The complete floating cryogenic hose based on TIFT's compoflex system, comprises an inner liquid gas carrying core of low temperature materials, an insulating layer that also provides buoyancy and a watertight protective outer skin.

The hose is designed to transfer 75,000 cubic metres of LNG in five days over a distance of 300 metres in a sea state of 2.5 metres of significant wave height at minus 162 deg C. Under test conditions three lengths of hose have exceeded the design specification.

Mr Peter Jackson, TIFT's managing director, says: "So encouraged are we by the success of this project, we can now see many more developments of the floating compoflex hose.

"The development of the marine cryogenic transfer hose demonstrates a successful collaboration between user, manufacturer and Government to solve a complex and important problem."

How to keep warm under the N. Sea

THERMAL protection of divers in such cold sea areas as the North Sea is a constant problem, but a U.S. research institute believes it may have at least part of the answer by using a hydrogen fuelled back-pack heater.

According to Battelle Columbus Laboratories, based in Ohio, work at the U.S. Naval Coastal Systems Centre, Panama City, Florida, would result in a thermal protection system providing two kilowats of heat for divers for up to six hours at depths of 450 feet.

Propane heaters already exist but are limited at greater depths because of the low vapour pressure of the gas. Hydrogen is not affected by this limitation.

Battelle says that the system —about the size of a scuba tank —will contain a catalyst bed of aluminium oxide platinum pellets over which a recirculating flow of oxygen will be maintained by gas ejector.

When heat is required a small flow of hydrogen can be introduced to the catalyst bed. The hydrogen will burn, flamelessly, in the presence of the oxygen and, other than heat, the only by-product of the combustion will be water.

The heat can be removed from the bed via a water jacket and circulated to the diver's suit by a pump. The design will include a system to prevent the build-up of hydrogen and overheating.

Although still in the study stage, Battelle hopes to produce a model for field experiments.

Columbus Laboratories (contact Ilene Zeldin) is at 505, King Avenue, Columbus, Ohio (614 424 7728).

BY MAX COMMANDER

Telephone exchange for emergency situations

A COMPACT, easy-to-operate telephone exchange for emergency communications systems has been developed by the Swiss company Indigel AG, Schaffhauserstrasse 60, CH-8450 Andelfingen.

Intended for use in civil-defence shelters, for rescue organisations or for other emergency operations, it permits the connection of up to 14 sets and the establishment of five bi-directional communications simultaneously.

Hook-ups between several sets for conference purposes are also possible. Power supply is provided by a mains connection and a built-in power source independent of the mains.

Xerox establishes 'a lead'

ACCORDING TO a new market technology report from Strategic Inc. that deals with the word processing typewriter market, Xerox "has clearly taken the product technology lead" with its model 620 Memorywriter.

The study indicates that this market will grow from an installed base of 768,000 units in 1981 to more than 3.4m units in 1987, a compound growth rate of 28 per cent.

Contained in the report are analyses of the market, the technology, user requirements, evolution and the future product requirements of the electronic typewriter market from secretarial workstations to the complete office system.

The 100 page report, titled "Word Processing Typewriters—a Market in Transition," is priced at £695 and is available in Europe from IPI, 134, Holland Park Road, London W11 (01-221 0998).

One man lighting operation

INSTALLATION of strip lighting has been reduced to a one-man operation by a new Osram-GEC "Speedpack" which conforms to UK and European standards.

A conventional six foot fluorescent light fitting weighs 16 lbs and takes two people to fit to the ceiling. By separating the components Osram-GEC has been able to design a 7 oz fitting.

After these have been screwed to the ceiling and electrical connections made the backplate, into which the tubes fit, is secured to merely by turning two speed locks through 90 degrees.

The protruding twin connectors slide into a channel and the tube is rotated through a right angle to connect automatically to the current. This eliminates any danger of hands touching the metal surface when connection is being made.

Fitting the "Speedpack," it is claimed, takes less than half the time of a conventional unit and there is the added bonus that it uses less current. It will be available to the trade next month. Osram-GEC is at River Works, Witton, Birmingham.

Model for detecting pollution

THAMES WATER, in collaboration with South West Water, has developed a radio-controlled model aircraft which can detect flooding and pollution using an automatic infra-red camera. The model with a 10 ft wingspan is to be demonstrated at North Weald Aerodrome at 11.30 am tomorrow.

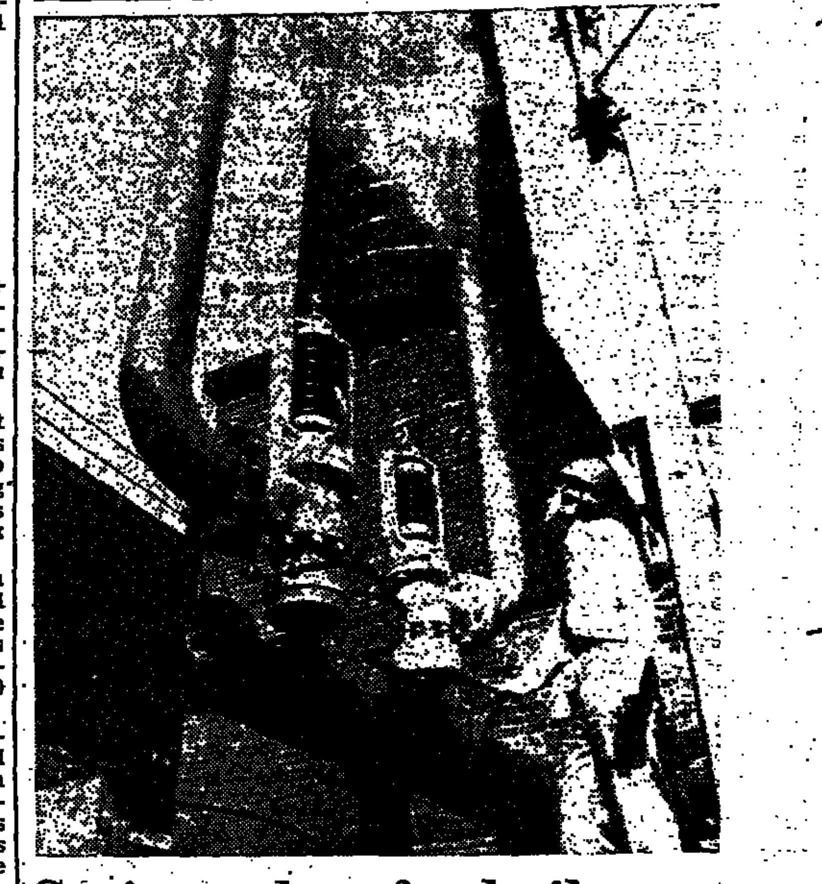
For single boosters

A NEW version of the Prescon pressure control unit is available from Pullen Pumps, 58, Beddington Lane, Croydon, Surrey (01-684 9521). The series "E" utilises Pullen's type CV vertical multistage pumps and is said to be ideal for single booster applications.

Beating the price barrier

NEW COMPUTER-aided design products from Quest Automation of Ferndown, Dorset (0202 871498) are claimed "to smash the price barrier" for a complete CAD facility capable of printed circuit board design and artwork generation.

Quest says that the system, called Q-Design, offers all the necessary facilities for design and draughting right through to the production of full manufacturing documentation and the control of subsequent manufacturing processes. Basic price is under £25,000.



Spring valves for boilers

Hopkinsons of Huddersfield has introduced a new range of high-pressure spring safety valves for use on boilers and pipelines. The range is for steam pressures up to 3,000 lb (207 bar) and is available in four sizes from 2 inches to 4 inches with options of servo-loading or pneumatic assistance. The picture shows valves under test at the company's Britannia Works test rig. More on 0484 22171.

TELEVISION

Chris Dunkley: Tonight's Choice

Monday has become the strongest night of the week for serious factual programmes. ITV's Nature Watch continues the investigation of sense of direction which several programmes have considered in the past couple of years. Dr Robin Baker now reckons he has located the built-in magnetic material which explains this sense, and believes that its accuracy may depend upon the direction in which you sleep relative to the compass.

BBC 2's five-part series Imagined Worlds in which leading scientists explain recent changes in the way we view the universe starts tonight with Professor Walter Gilbert looking at molecular biology and the process of deciphering the message of DNA.

In Panorama on BBC 1 Michael Cockerill investigates the obsessive secrecy of British politicians and their relations with the Press lobby. Subject of Horizon on BBC 2 is "K-Z" or concentrate syndrome: the difficulties experienced, often many years later, by those who have suffered prolonged imprisonment.

Police on BBC 1 deals with the touchy subject of a death in custody.

BBC 1

6.40-7.55 am Open University (*uhf only*). 9.08 For Schools, Colleges. 10.00 You and Me. 10.15-12.07 pm For Schools, Colleges. 12.30 News After Noon. 1.00 Pebble Mill at One. 1.45 Camberwick Green. 2.01 For Schools, Colleges. 3.00-3.25 Delia Smith's Cookery Course. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Pixie and Dixie. 4.25 Jackanory. 4.40 Scooby and Scrappy Doo. 5.00 John Craven's Newsround. 5.05 Blue Peter. 5.35 Ivor the Engine.

5.40 News.
6.00 Regional News Magazines.
6.25 Nationwide.
6.55 Doctor Who, starring Peter Davison.
7.20 Bret Maverick, starring James Garner.
8.10 Panorama.
9.00 News.
9.25 Love Story: "Alexa," by Andrea Newman.
9.50 Police. Nine months inside Thames Valley Constabulary.
10.40 Film 82 with Miles Kington.
11.10 Pete Sayers Entertains with his guest Frank Ifield.
11.33 News Headlines.
11.35 Speak for Yourself: Rudeness.

BBC 2

6.40-7.55 am Open University.
10.35 Speak For Yourself.
11.00 Play School.
11.25 Play It Safe!
11.35-11.50 Write Away.
2.00 pm Long, Short and Tall Stories.
2.25 Maths Help.
2.40 Other People's Lives.
3.05 The Computer Programme.
†3.45 Star Movie: "Dance, Girl, Dance," starring Maureen O'Hara.
5.10 Welcome Mr Lucas.
†5.40 Laurel and Hardy
6.00 Maggie.
6.25 Mr Smith's Favourite Garden.
6.55 News Summary.
7.00 Riverside.
7.35 Little Goldfish.
7.45 Imagined Worlds.
8.15 Marti Caine.
9.00 Not The Nine O'Clock News.
9.25 Horizon.
10.20 West Country Tales.
10.50 Newsnight.
11.35-12.05 am Télé-Montage.

LONDON

9.30 am Schools Programmes. 12.00 Cockleshell Bay. 12.10 pm Rainbow. 12.30 That's The Way. 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. *1.30 About Britain.* 2.00 Money-Go-Round: Joan Shenton and Tony Bastable investigate consumer problems and offer advice. †2.30 Monday Matinee: "In The Doghouse," starring Leslie Phillips and Peggy Cummins. 4.15 Dr Snuggles. 4.20 Graham's Ark. *4.45* Murphy's Mob. *5.15* Mr and Mrs.

5.45 News.
6.00 Thames News, with Andrew Gardner and Rita Carter.
6.25 Help! with Viv Talyor Gee.
6.35 Crossroads.
7.00 Nature Watch.
7.30 Coronation Street.
8.00 Dead Earnest.
8.30 World in Action.
9.00 Hill Street Blues: Daniel J. Travanti in "Pestolozzi's Revenge."
10.00 News.
10.30 "The Oscar."
12.40 am Close: "Sit up and Listen" with Ann Todd.

† Indicates programme in black and white

All IBA Regions as London except at the following times:—

ANGLIA
1.20 pm Anglia News. 2.30 Monday Film Matinee: "Christopher Columbus," starring Fredric March and Florence Eldridge. 5.15 University Challenge. 6.00 About Anglia. 6.30 Movie Memories. 10.30 Anglia Reports. 11.00 The Palace Presents: Jack Jones' special *guests are Vikki Carr and Lou Rawles.* 12.00 Superstar Profile. 12.30 am The Chap Next Door.

BORDER
1.20 pm Border News. 2.00 Film: "Danger in Paradise." 3.45 Money-Go-Round. 5.15 Radio. 6.00 Lookaround Monday. *6.15* The Sound Of ... Woot Steenhuis. 6.30 Mr and Mrs. 10.30 The Monte Carlo Show. 11.30 RL Action. 12.15 am Border News Summary.

CENTRAL
1.20 pm Central News. †2.00 The Monday Screen Matinee: "High Treason." *3.45 Money-Go-Round. 6.00* Central News. 10.30 Parents and Teenagers. 11.00 Central News. 11.05 Left, Right and Centre. 11.45 Paris by Night. *12.15 am Something Different.*

GRAMPIAN
9.25 am *First Thing.* 7.20 pm North News. 6.00 North Tonight. 6.30 Cause *for Concern.* 10.30 *Monday Movie:* "The First Nine Months are the *Hardest.*" 12.15 am North Headlines.

GRANADA
1.20 pm Granada Reports. 2.30 Monday Matinee: "Guns of Darkness," starring David Niven. 5.15 Dick Turpin. 6.00 Private Benjamin. 6.30 Granada Reports. 9.00 Quincy. 10.30 Danger UXB. 11.30 RL Action. 12.15 am The *Odd Couple.*

HTV
1.20 pm HTV News. 2.30 Monday Matinee: "The Master of Ballentrae." *starring* Errol Flynn, Roger Livesey and Anthony Steel. 5.15 Diff'rent Strokes. 6.00 HTV News. 10.28 HTV News. 10.30 Soap. 11.00 Parents and Teenagers. 11.30 The Living Legends of Jazz and Blues: The Dave Brubeck Quartet.
HTV Cymru/Wales—As HTV West except 12.00-12.10 pm Dacw Mam Yn Dwad. 4.15-4.20 Mr Magoo. 4.45-5.15 Sêr. 6.00 Y Dydd. 6.30 Report Wales. *7.00-7.30 Nature Watch. 8.30* Yr Wythnos 11.00 World in Action. 11.30-12.00 Parents and Teenagers.

SCOTTISH
1.20 pm Scottish News. 2.00 Monday Matinee: "Francis Gary Powers." 3.45 Money-Go-Round. 5.15 Emmerdale Farm. 6.00 Scotland Today. 6.40 Crimedesk. 10.30 Space to Breathe. 11.30 Monte Carlo Show—Nana Mouskouri. 12.25 am Late Call.

TSW
1.20 pm TSW News Headlines. 2.30 "Nothing But The Best," starring Alan *Bates, Denholm Elliot, Harry Andrews* and Millicent Martin. 4.12 Gus Honeybun's Magic Birthdays. 5.15 Emmerdale Farm. 6.00 Today South West. 6.30 The Two of Us. 10.32 TSW Late News. 10.35 Ladies' Man. 11.05 Golfing Greats (Gene Sarazen). 11.30 Tenspeed and Brown Shoe. 12.25 am Postscript. 12.30 South West Weather and Shipping Forecast.

TVS
1.20 pm TVS News. 2.30 Monday Matinee: "Ring of Fire," starring David Janssen. 5.15 Radio. 5.30 Coast *to Coast. 6.00 Coast to Coast* (continued). 6.30 Emmerdale Farm. 10.30 *A Full Life:* Rumer Godden talks about the strong views she holds on the way society works. 11.00 Thriller: "Murder in a One Act Play." 12.25 am Company.

TYNE TEES
9.20 am The Good Word. 9.25 North East News. *1.20 pm North East News* and Lookaround. †2.30 Monday Matinee: "Jetstorm," starring Richard Attenborough. 5.15 Diff'rent Strokes. 6.00 North East News. 6.02 Mr and Mrs. 6.30 Northern Life. 10.30 North East News. 10.32 Briefing. 11.15 Hammer House of Horror. 12.10 am Reconciliation.

YORKSHIRE
1.20 pm Calendar News. 2.30 Monday Matinee: "The Sandwich Man," starring Michael Bentine. 5.15 Mr and Mrs. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 It's a Vet's Life. 9.00 Quincy. 10.30 With a Little Help. 11.00 RL Action. 11.45 Superstar Profile.

RADIO

(S) Stereophonic broadcast
‡ Medium Wave

RADIO 1
5.00 am As Radio 2. 7.00 Steve Wright. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 5.00 Andy Peebles. 7.00 Stayin' Alive with Andy Peebles. 8.00 David Jensen. 10.00-12.00 John Peel (S).

RADIO 2
5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 Steve Jones (S). 8.00 Folk on 2 (S). 9.00 Humphrey Lyttelton with the Best of Jazz (S). 9.55 Sports Desk. 10.00 Monday Movie Quiz with Ray Moore. 10.30 Star Sound with Nick Jackson. 11.00 Brian Matthew with Round Midnight. *1.00 am Trucker's Hour (S).* 2.00-5.00 You and the Night and the Music (S).

RADIO 3
6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Shostakovich (S). 10.00 Music for Organ (S). 10.35 Brahms string quartet recital (S). 11.10 Marin Marais chamber music recital (S). 11.35 BBC Scottish Symphony Orchestra (S). 1.00 pm News. 1.05 BBC Lunchtime Concert (S). 2.00 Matinée Musicale (S). 3.00 New Records (S). 4.55 News. 5.00 Mainly for Pleasure (S). 5.30 "Die Meistersinger von Nurnberg," *opera in three acts by Wagner,* from the Royal Opera House, Covent Garden (sung in German) Act 1 (S). 6.55 The Poetry of John Donne. 7.25 "Die Meistersinger von Nurnberg," Act 2 (S). 8.30 Carl Andre: The American artist in conversation with Edward Lucie-Smith. 9.05 "Die Meistersinger von Nurnberg," Act 3 (S). 11.00-11.15 News.

RADIO 4
6.00 am News Briefing. 6.10 Farming Week. 6.25 Shipping Forecast. 6.30 Today. 8.35 The Week On 4. 8.43 Glyn Worsnip delves into the BBC Sound Archives. 8.57 Weather, travel. 9.00 News. 9.05 Start the Week with Richard Baker (S). 10.00 News. 10.02 Money Box. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Down Your Way visits Saddleworth, Lancs. 11.50 Poetry Please! 12.00 News. 12.02 pm You and Yours. 12.27 Semi-Circles with Paula Wilcox and David Wood. 12.55 Weather, travel, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. *2.00 News. 2.02 Woman's Hour.* 3.00 News. 3.02 Afternoon Theatre (S). 4.35 Scene from a Bridge. 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News, including Financial Report. 6.30 Just a Minute (S). 7.00 News. 7.05 The Archers. 7.20 Start the Week with Richard Baker (S). 8.00 The Monday Play (S). 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Science Now. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

Sounds from the Portuguese

THE WEEK IN THE COURTS

BY A. H. HERMANN, Legal Correspondent

FROM THE sound of it one would expect *Polydor v Harlequin** to be a predictable light opera and not an international copyright case, full of surprises. The course it took could make one believe that all is now well because, at last, both the EEC Commission and the member governments have agreed and the European Court in Luxembourg, has confirmed, that what is law for the goose is not necessarily law for the gander.

I, for one, feel unable to rejoice. In the matter of exhaustion of rights, London treats all countries alike but differentiates between trademarks and copyright. The European Court treats alike all industrial property rights but differentiates between member and non-member countries. The more lawyers you allow to tinker with it, the less predictable and uniform law you get.

The occasion for the display of so much legal learning was provided this time by a dispute concerning the sound recording of "Spirits Having Flown" by a group known as the Bee-Gees. The copyright of these records is held by RSO Records Incorporated, which licensed Polydor Ltd. in the UK and Phonogram and Polygram Discos in Portugal. All these companies belong to one group.

It seems that the records were cheaper in Portugal than in the UK but, whatever the reason, the admitted fact was that a UK importer, Simons Records, imported these records from Portugal and sold them in the UK to Harlequin, a retailer of records and tapes. Polydor, which saw in this an infringement of its copyright licence, asked the High Court for an order prohibiting Simons from importing and Harlequin from selling and distributing these records and cassettes.

Simons and Harlequin's defence was that, in view of the agreement between the EEC and Portugal and of the case law of the European Court, *Polydor's* copyright was exhausted as soon as the records were placed on the Portuguese market by their associated company. The Chancery Division of the High Court refused to refer the case to the European Court in Luxembourg, and granted an injunction until full trial, preventing Simons from importing and Harlequin from retailing the records.

The Appeal Court held, in the *Revlon†* case, that when a group of companies manufactures and sells a product of international reputation under the same trademark in different parts of the world, neither the parent company nor any subsidiary can complain in the UK if those products are used, sold and re-sold under that trademark. Neither trademark rights, said the court, nor the passing-off law, may be used by a multinational group to enforce price-fixing by preventing goods put by it into circulation in another country from being exported to the UK and sold there at prices determined by the importers. Not even Dr Hartmut Johannes, the *father of the EEC doctrine* of exhaustion of industrial property rights could have said it better.

The *Polydor v. Harlequin* case reached the Court of Appeal at about the same time it gave its decision in the *Revlon* case. However, the copyright case was not settled on the basis of English law as the trademark case was. Instead, the Court of Appeal asked the European Court to say whether the protection available to Polydor under Section 16 (2) of the Copyright Act 1956 was not excluded by the agreement between the EEC and Portugal prohibiting restrictions on imports in the same terms as the EEC Treaty, and whether the provisions of this treaty had a direct effect in the UK which English courts must respect.

Before the European Court, Harlequin relied on a long series of judgments in which the court ruled that a trademark or copyright owner must not stop a parallel importer competing with the licensed distributor. Interpreting Articles 30 and 36 of the EEC Treaty, the court established a long time ago the same exhaustion doctrine as defined in the *Revlon* judgment of the Court of Appeal with one important difference. The European Court has so far approved parallel imports (and the resulting infringement of copyright, trademarks and patents) only in trade between member states: by contrast, the Court of Appeal defined its exhaustion doctrine only in respect of trademarks but in universal terms, approving parallel imports into the UK from countries all over the world as long as the trademarks were held by companies belonging to one and the same group.

Many people—and the pharmaceutical industry in particular—believe that the European Court went too far when it interpreted Articles 30 and 36 of the EEC Treaty in a way which gave the green light to parallel importers, and in this way endangered price differentials existing between member states. Harlequin now argued that the same words as used in the treaty must also have the same effect when used in the treaty between the EEC and Portugal—and, by implication, also in some hundreds of agreements concluded between the EEC and associated states and territories.

To accept this argument would have meant leaving the EEC open to cheap imports which are barred by means of industrial property rights. The EEC Commission, which pioneered the exhaustion doctrine, has now joined the UK, Germany, Denmark, France and the Netherlands in opposing its application to imports from outside the Community. The EEC Commission argued that "a mere identity of wording cannot be conclusive as to the nature or content of the obligations undertaken, or as to the legal meaning and effect of the provisions in question."

The European Court confirmed that the provisions of the agreement between the Community and Portugal are in several respects similar to the EEC Treaty provisions for free inter-state trade. That, however, said the court, was no reason for extending the case law of the court to trade relations with Portugal. The scope of the case law must be determined in the light of the objectives of the Community which seek to create a "single market reproducing as closely as possible the conditions of a domestic market." Moreover, the instruments which the Community had for achieving uniform application of Community law had no equivalent in the relations between the Community and Portugal.

To put it simply, we have no means of ensuring reciprocity of treatment for parallel importers in Portugal, and in the present protectionist mood of the Community it would hardly make sense to take the free trade clauses seriously.

* *European Court Luxembourg Case 270/80. Judgment February 9 1982, unreported.*

† *Court of Appeal, London, Revlon and Assts v Cripps and Lee and Others Judgment Ref 1979R 3375, FT European Law Letter, February 1980.*

Silver Buck puts on a top-class exhibition

RACING

BY DOMINIC WIGAN

SELDOM can there have been a more rapidly changing build-up to a Cheltenham Gold Cup than the past month's.

The run of unexpected developments shows no sign of ending. On Saturday, last year's Gold Cup runner-up, Silver Buck, came back to the forefront of the betting; while Dickinson's intended runner, Bregawn, lost what had seemed a guaranteed place through his defeat at Haydock.

Those who had excluded Silver Buck from this year's festival considerations because it would be difficult to get him ready after a lengthy lay off, have already been proved wide of the mark following Saturday's display.

Looking far more forward, at Market Rasen Silver Buck gave a top-class exhibition of fast and fluent jumping in the Cox-Moore Sweaters Handicap. He found no difficulty conceding 35 lbs to Moor Close.

A year ago Dickinson's 10-year-old looked, for a while like holding illustrious stable companions Little Owl and Night Nurse in the Gold Cup. If there is drying ground this time then the 8-1 still available for Silver Buck will be good value.

This afternoon, Fred Winter, who looks like having Venture To Cognac and Midnight Court on duty next week, will be seeking a bold display from Grand National hope Rough And Tumble.

The perennial Aintree visitor makes his long-awaited reappearance at Windsor where he contests the Henlys Land-Rover Hunters Chase. This three-mile event is on the sharp side for the one-paced Rough And Tumble but connections must be hopeful of him making the frame. He should go well without, perhaps, taking advantage of the 5 lbs he receives from in-form Gay Tab.

Two other likely winners on the Berkshire course are Mr Gumboots, for the March Handicap and Going Strait, among the runners for the third division of the Thames Novices Hurdle.

WINDSOR
1.30—General Breyfax
2.00—Midnight Song
2.30—Mr Gumboots**
3.00—Gay Tab
3.30—Shoutitout
4.00—Broad Principle
4.30—Going Strait***

SEDGEFIELD
2.45—Gaelic Harp
3.15—Cashea*

An upstart down an oil well

Ray Dafter on Tesel, a small company with big ambitions in a high cost industry

TUCKED away in an industrial estate on the edge of Basingstoke, Hampshire—close to a big Sainsbury's depot—Tesel Services is keeping track on worldwide oil drilling ventures.

Basingstoke may not give the impression of being at the heart of the oil industry; the UK equivalent of Houston, Calgary or Dhahran. But the location has its advantages for an emerging company trying to muscle its way into the $5bn-a-year well logging business.

As Michael Gahan, its chief executive, points out, Tesel wants to be among the high technology companies which have settled in the Thames Valley. That helps with recruitment and links with computer boffins, for instance. The company has also sought to be close to Dorset which, as demonstrated by a number of important discoveries (Wytch Farm in particular), holds considerable potential for oil development.

In addition, management wants to be handy to Heathrow Airport in order to jet away quickly to the oil exploration areas of the world. Coincidentally, the location also helps Gahan as he commutes weekly to his home in Paris.

Tesel is the sort of UK-bred oil services enterprise that is being encouraged by the Department of Energy's Offshore Supplies Office. The Government is anxious to see the rapid development of UK companies which can compete with the Americans and establish operations which can keep going long after North Sea oil runs out.

Not that Tesel is alone. The UK already has an established logging company, BPB Instruments, part of the BPB Industries Group. So far the company has concentrated on the geophysical logging of mineral prospects, rather than oil wells. But that policy appears to be changing.

The last annual report of the group said that BPB Instruments had "started a major capital expenditure scheme for developing new equipment for use in connection with hydrocarbon exploration." The company adds that it will have units operating in Europe and North America later this year. But that is all BPB is revealing for the time being.

Tesel has been more forthright with its plans. Established in 1980, the company, currently with about 55 staff, has given the impression it is the sort of precocious operation welcomed by the Offshore Supplies Office. Certainly it cannot be accused of being faint-hearted.

Tiny Tesel, set up with £5m of capital, is aiming to compete worldwide alongside the industry leaders, in particular against the biggest of them all—Schlumberger—which has a market value of around £7.8bn. What is more Tesel intends to compete at the sharp end, in areas of high technology.

With this in mind the company has deliberately turned its back on the U.S., the traditional home of independent logging companies where new operators can earn a decent living providing relatively unsophisticated measuring services in the thousands of simple, shallow wells drilled each year.

Tesel, says Gahan, may join forces with an established American company to offer a U.S. service. But the company's marketing drive is being aimed at other parts of the world. To this end, Tesel has just won what it regards as a breakthrough contract to assist a subsidiary of Indonesia's state oil corporation, Pertamina, with logging operations. The company, which expects to be operating four logging units in Indonesia within the next year, is inching its way into the Far East under the noses of Schlumberger.

But it will probably be in the UK that Tesel will have its main opportunity to establish a reputation. The North Sea provides one of the most challenging environments for those involved in drilling services: offshore logistical and weather problems, deep wells, high reservoir temperatures and, often, high pressures.

For Tesel, North Sea experience has still to come. It has started by offering services to operators of onshore wells where a number of drilling companies—such as British Gas Corporation and British Petroleum—have made available oil wells so that wireline logging equipment could be tested. Harold Hughes, director and general manager of British Gas's exploration subsidiaries, said the Corporation was anxious to encourage the development of British expertise.

It was as a result of one of these test projects—in a BP-operated Midlands well in 1980—that Tesel was forced to reassess its whole development startegy. Tesel was using standard logging equipment bought "off the shelf" in the same manner that most U.S. independents acquire their wireline tools.

Both BP and Tesel realised that the results obtained from this measuring equipment were not of the standard required outside of the U.S. "We changed our policy and changed our marketing development. We slowed the evolution of the company by 12 months," says Mr Gahan. The company decided to build up an armoury of more sophisticated tools, the sort used by the very big companies. To a large extent this equipment is being developed by Tesel, with the help of sub-contractors like the Atomic Energy Authority at Harwell.

"We are putting in computing systems at the heart of our equipment," says Mr Gahan, a physicist who worked for Schlumberger between 1955 and 1966 before setting up his own company, Data Analysis. That company was one of the pioneers in the use of computer technology for geological analysis.

Gahan explains that it is even possible that Tesel could beat Schlumberger at its own game and introduce the latest logging technology more quickly. "Schlumberger is an excellent company. But because of its size there is a delay in the implementation of new technology; it is not in their interest to change too rapidly."

Schlumberger, not surprisingly, disagrees: "We have tried to be the one to make technological breakthroughs," says Seth McCormick, public relations manager of the normally secretive corporation. "More than half of our revenue comes from new services which were not in existence five years ago." He also questions "how significant an inroad into our business a small company can make."

A similar view was expressed by another "giant" of the industry—Dresser Industries. "It is fairly easy for companies to get into the low-technology end of the business but the odds are overwhelmingly against small companies trying to break into the very high capital-intensive, technology-intensive part of the business", said Herb Ryan, Dresser's director of investor relations.

Thomas Escott, an oil field services analyst and co-author of a recent wireline logging status report published by financial analysts Paine Webber Mitchell Hutchins, reckoned it would be "unusual for a small company to come up with a new tool". He added: "I have never known a small wireline company to develop a technique ahead of Schlumberger."

Escott estimates that a new company might need to spend at least $50m on research and development over the first five years of operation in order to develop a "full suite" of sophisticated tools. A further $50m might be needed to establish a base, hire equipment, and recruit management and crews.

Tesel says it is not surprised by such assumptions, although it feels a start can be made with much less. It is confident that the £5m raised in 1980 through privately placed shares and loan notes will be sufficient to put the company well along the road. So far the company has invested about £2.5m. Its present complement of three mobile vans and one skid unit (for offshore work) is expected to grow to 14 units within the next 12 months. By the end of next year, when the company intends to be trading profitably, Tesel could be operating as many as 30 logging units worldwide.

A logging truck costs about £200,000 to put on the road. Tesel is expecting each truck to generate revenues of about $70,000 (£38,400) each month—$11.75m annually from 14 units.

"As we achieve maturity we will slow down our expansion," says Gahan. "A structure that is stable cannot expand at more than 20 per cent a year." But by then—say the mid-1980s—Tesel hopes it will have proved there is a place for a competitor to the likes of Schlumberger and Dresser.

Hugh Routledge

Michael Gahan inside a Tesel logging truck. He will soon be supplying four logging units to Indonesia and is inching his way into the Far East under Schlumberger's nose

WORLDWIDE WIRELINE SERVICE INDUSTRY SALES ($m)

(market share—per cent—in parenthesis)

Year	Schlumberger	Dresser Atlas	Gearhart*	McCullough, NL Industries	Welex-Halliburton	Other	Total
1972	246 (60.7)	58 (14.3)	12 (3.0)	19 (4.7)	18 (4.4)	52 (12.8)	405
1977	840 (64.6)	155 (11.9)	56 (4.3)	50 (3.9)	40 (3.1)	159 (12.2)	1,300
1981 (est)	2,510 (64.0)	407 (10.4)	290 (7.4)	200 (5.1)	125 (3.2)	388 (9.9)	3,920
1982 (est)	3,250 (64.2)	515 (10.2)	380 (7.5)	260 (5.1)	160 (3.2)	495 (9.8)	5,060

* Wireline service only, not equipment sales; figures are for fiscal year ending January 31 of the following year.

Source: Paine Webber Mitchell Hutchins Inc.

Where time is money

SCORES of oil companies throughout the world will today begin examining drilling information to see if they have beaten the odds and struck it rich.

The process—the culmination of most exploration ventures—goes on around the clock, day in and day out. And in the present boom drilling conditions it is providing a big and fast-growing business for the companies which service the thousands of exploration teams in operation at any one time.

Among the most buoyant service sectors is the wireline industry which helps oil companies build up a picture of rock and reservoir conditions at the bottom of a well, typically thousands of feet below the surface. The industry has acquired its jargonish name from the slim measuring — or logging — equipment which is lowered in the well on the end of a wireline.

Wireline companies use a wide variety of tools of varying degrees of sophistication. They range from perforating guns, which shoot holes in the well pipe to allow oil to flow, to neutron and acoustic logging equipment which measure the porosity of the surrounding rocks.

Few sectors in the oil business can match the wireline services industry's growth record (see table).

The sector is also notable for the dominance of its leading companies, one in particular. Although there are probably over 300-400 independent wireline operators, it is the American company, Schlumberger, which has the stranglehold on the industry. Indeed, logging a well is known in the oil industry as "running a Slumberjay."

Schlumberger, founded in the 1920s by two French brothers—Marcel and Conrad Schlumberger—is reckoned to account for 64 per cent of worldwide turnover. If anything its position is becoming stronger.

Schlumberger has demonstrated what can be achieved if a company is given (or gives itself) a sizable headstart in an industry. Credited with inventing the oil logging business Schlumberger was the virtual lone runner until the 1950s when it started to feel the impact of competition from such companies as Dresser Industries and Gearhart Industries.

With the McCullough division of NL Industries and Welex-Halliburton accounting for a further 8.3 per cent of the market between them there is comparatively little business left to be shared among the hundreds of independent operators — probably less than 10 per cent.

The entry barrier for these independents is not as formidable as it might first appear, particularly if the operators are willing to concentrate only on the run-of-the-mill wells where the holes have been lined with casing pipe. A truck fully equipped to work in cased holes can be purchased off the shelf for about $250,000 - $300,000. According to Paine Webber, among the leading analysts in this field, a typical truck can generate a cash flow return of over 50 per cent capital employed and an after-tax net profit of between 12 and 15 per cent.

In general, bigness appears to be an asset. Oil companies—hardly shrinking violets themselves—feel more comfortable when they are dealing with a large, well-established service company with a stack of back-up facilities and experience. With each well perhaps costing millions of dollars, quite possibly tens of millions, time is money.

According to the chairman of one wireline service company, the oil industry would probably be willing to invest as much as 4 per cent of well costs on logging operations. This compares with about 3 per cent at present and around 2.5 per cent in 1960.

This increasing quest for information together with the challenge of operating in deeper and deeper wells—where the temperatures become greater and the pressures more intense—should help to sustain the wireline industry's growth even if the pace of exploration and production drilling begins to tail off, as is evident at present.

Management abstracts

Changing Work Patterns. J. Wellens in Industrial and Commercial Training (UK), Oct 81

Discusses employee reactions to the introduction of a compressed working week, outlines how the extra leisure time is utilised and examines whether "moonlighting" increases; points to employer/employee benefits of part-time work.

Formulating a Company Strategy. Y. M. Godiwalla + others in Managerial Planning (U.S.), Sep/Oct 81

Discusses factors to be taken into account in devising a strategy, suggests how opportunities/risks should be related to the competence of a company, and identifies aspects of a "strategy mix," based on the environment, company size and production methods.

Integrating strategic planning into the management process. T. H. Naylor in Long Range Planning (UK), Oct 81

Explores reasons why strategic planning is often regarded simply as an appendage to the management process; discusses how to co-ordinate strategic plans with the operating plans of line management; stresses the need for the support of top and line management for strategic planning and suggests how to obtain it.

Managing innovative projects. E. B. Roberts + A. R. Fusfeld in Sloan Management Review (U.S.), Spring 81

Describes steps in technology-based, innovative projects, discusses characteristics and skills that members of project teams should possess and—stressing the need to view innovation in terms of how it affects the organisation—examines types of activity that members need to perform; considers aspects of project-team management.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £2.50 each (including VAT and p+p: VAT with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

COMPANY NOTICES

Allianz Versicherungs-Aktiengesellschaft

Shareholders' Letter with Preliminary Results for 1981

Munich, 5th March, 1982

To the Shareholders,

On the basis of the operating figures so far available we expect results for the year ended 31st December, 1981 to have been satisfactory overall. Underwriting profit margins continued to decline, but good returns on investments were again achieved. The overall profit should enable us to recommend the Supervisory Board and the Annual General Meeting to declare an unchanged dividend of DM 10 per share.

Worldwide gross premium income — DM 13 billion

Allianz worldwide gross premium income (including domestic and foreign life insurance business) amounted to some DM 13 billion, representing an increase of 11 per cent on the previous year.

In direct domestic business, which still accounts for around 85 per cent of premium income in the Allianz Group's consolidated accounts, the increase of some 9 per cent to DM 6.32 billion (1980 DM 5.81 billion) was in line with the insurance industry generally. Approximately two fifths of insurance directly written by the Allianz Group in Germany is accounted for by motor insurance business. Volume in this class was adversely affected by a contraction of the market engendered by deteriorating economic conditions. The premium increase of 8.3 per cent was thus largely attributable to an adjustment of third-party motor premium rates to reflect rising claims costs. Cyclical influences had a strong impact on engineering lines, particularly contractors' all-risk insurance, where new business is closely tied to the state of the construction market. Some classes of property insurance, such as householders' insurance for both buildings and contents, achieved double-digit rates of growth. Industrial fire insurance saw a satisfactory premium increase as a result of the increasing effectiveness of remedial measures which strengthened the position of the Allianz Group in this important sector of the insurance market. Another class of insurance which recorded above-average expansion was personal accident business. As expected, the rate of growth of premium income in general liability insurance decreased slightly.

Domestic market inward reinsurance — for the most part life, sickness and credit risks — accounted for about DM 680 million (1980 DM 630 million) of the total premium income to be shown in the consolidated financial statement.

Satisfactory growth in foreign business

Worldwide premium income of DM 13 billion included DM 1.8 billion in respect of premiums written abroad. In DM terms the increase was about 30 per cent. As a result of currency movements during the year and high inflation rates in some countries, real growth was, however, much less.

Of worldwide premium income written abroad, some DM 480 million is included in the Allianz Group accounts. The business of our foreign subsidiaries, the greater part of which is transacted in the United States of America, is not consolidated.

Declining profit margin on underwriting

Viewed as a whole, the Allianz Group's claims experience in the domestic market showed little change. Looking at the individual classes of business, both burglary and householders' insurance showed a sharp increase in claims costs attributable to rising repair costs and a steep rise in property-related crime. Engineering and marine insurance results were not satisfactory. Other classes of business, above all personal accident and general liability insurance, made satisfactory profits. The results of third-party motor insurance, the largest single class of business, proved better than expected, as the increase in claims eased off somewhat during the second half of the year.

Our underwriting experience abroad varied greatly from country to country. As a result of difficult economic conditions in a number of countries, the results of our branch offices abroad were overall not satisfactory. Our foreign subsidiaries abroad also showed a highly divergent trend.

Summary

Taking everything into consideration, we anticipate for Allianz Versicherungs-AG, after transfers to and from the claims equalisation fund, a decline in underwriting profits. The final figures for foreign business and reinsurance have not yet been determined. Investment income rose by approximately 10 per cent, but on the other hand, depreciation and pension provisions were higher. The total result will, however, leave us sufficient scope to recommend a maintained dividend and a further allocation to reserves, the latter being essential in view of the increasing risks connected with our business.

Yours faithfully,
The Board of Management

Copies of the letter to Shareholders may be obtained at the office of Morgan Grenfell & Co. Limited, New Issues Department, 21 Austin Friars, London EC2N 2HB

THE ARTS

Prince of Wales

Underneath the Arches

by MICHAEL COVENEY

Vulgar, crass, crude, corny and loud, this affectionate wallow in nostalgia for the vanished era of the Crazy Gang leaves a critic vainly fumbling for his intellectual superiority. Both he and the audience are best advised to deposit that article along with their coats and hats at the cloakroom.

The Gang played the Palladium for eight years between the wars and the Victoria Palace for 15 years after the Second. This unpretentious tribute by Patrick Garland, Brian Glanville and Roy Hudd begins with Christopher Timothy as Chesney Allen trying to overcome chaos in the stalls and embark on a potted biography of his partner Bud Flanagan. The narrative line is pedestrian to say the least, but no opportunity is lost to flesh it out with vivacious *tableaux* bursting with colour, high-kicking chorus girls and Crazy Gang routines. Roger Redfarn's production has nothing much up its sleeve, but the sleeve is just fine, best patchwork.

Thus, mention of Bud's early days in the Shoreditch Music Hall leads to a busy backstage *scena* with bad jokes firing off at all angles, the Tiller Girls gamely traversing the stage in a riot of blue and white feathers, an escapologist jumping around in an unyielding sack and the Memory Man forgetting his entrance. When Bud and Ches meet during the war, the sequence explodes in an unruly parade sketch with "Monsewer" Eddie Gray (played by his brother Billy) flitting through with an unexplained juggling act.

Florrie Forde is invoked, and on comes Julia Sutton to preside magisterially over a few community songs. None of this does very much to clarify the relationship between Bud and Ches, but Roy Hudd and Mr Timothy supply a series of pleasant variations on the conflict of comic and stooge, of unbridled high spirits and anxious reservations.

At Chichester last summer, the whole fracas was so gloriously unexpected in the sedate environment of the Festival Theatre, that the structural weaknesses went, as far as I was concerned, largely unobserved. It is a marvellous moment when Chesney Allen himself takes the stage to sing several of his old numbers with Roy Hudd. But this is the one single instance in the show when greater subtlety and more imaginative stagecraft might have paid greater dividends.

As it is, there is still plenty to enjoy, not least the sight of the Gang (which also includes Joe Black, Tommy Godfrey and Don Smoothey) tottering on as senescent pantomime dames and, later, dropping *doubles entendres* like lead balloons at the foot of Eros's statue in a wonderful flower girl sketch.

Waterloo Room

British String Quartets

by ANDREW CLEMENTS

The second concert in the second series which the Park Lane Group has organised around the British string quartet was given on Friday by the Coull Quartet. For all that the series (especially the first, in 1979-80) has provided opportunities to hear unplayed or neglected works, the logic of the enterprise escapes me. Why string quartets? Is the thesis that the quartet medium uncovers something fundamental and essential in the tradition of 20th-century British music, or is it intended more modestly, as a survey to inform and encourage further quartet writing?

No further enlightenment was forthcoming from the Coull's programme, other than a purely negative presentation of works that seem to be written against the grain of the medium. Walton's solitary quartet of 1947 ended the programme, and that works against the grain almost to the point of generating its own muscular appeal. The familiar catalogue of Waltonian gestures are here scaled down and forced into a chamber mould, and the chafing that ensues is quite productive. Rubbra's first quartet (written in 1933 and extensively revised in 1946 with advice from Vaughan Williams) plunges straight into a thick polyphonic argument, with the first movement straining to find its lyrical core. The slow movement and finale are better balanced, and the simpler theme plus accompaniment of the Lento is effective enough, though the final fugue provides contradiction rather than resolution.

But it was the second quartet of Christopher Brown, receiving its first London performance, which stretched credibility most profoundly. Nothing here that could not be found in a dozen other string quartets mainly from the first half of the century, but never together in a single work which wore its eclecticism like a banner, brazenly displayed at every stylistic twist and turn. Brown has fashioned his quartet into two big movements (the work lasts 26 minutes) which together provide the functions of a four-movement quartet plan. It was written in 1975 and is dedicated to the memory of the victims of the Birmingham pub bombings the previous year. That implies a powerful, committed statement, but I failed on this first hearing at least to find that power transmitted or even suggested.

Bradford's first major jazz festival

Bradford's first major jazz festival featuring leading groups from the U.S. and Britain will be held in the city on the weekend of March 12, 13 and 14.

The festival is being mounted by the Jazz Centre Society in association with Bradford Council's economic development unit and the three main concerts will be filmed by Yorkshire Television. Further support comes from West Yorkshire County Council.

On Friday March 12 Mingus Dynasty and the Stan Tracey Big Band present a concert tribute to two jazz giants — Charlie Mingus and Duke Ellington.

Saturday March 13 jazz/rock meets salsa with Barbara Thompson's Paraphernalia, and the salsa/funk ten-piece Cayenne.

On Sunday the Art Ensemble Of Chicago and the Bobby Wellins Quartet will appear.

The Penguin Pool, London Zoo, by Lubetkin. Hugh Routledge

Architecture

What happened to Lubetkin?

by COLIN AMERY

The award of the Royal Gold Medal for Architecture 1982 has been made to the architect of the famous Penguin Pool at the London Zoo. This Pool, with its double spiralling ramps on which the penguins promenade, has been called by Sir Nikolaus Pevsner, "*a tour de force* of that international modern style which derives so much from Le Corbusier." As Pevsner also says the pool comes close to a piece of abstract art.

The architect of the zoo building is Berthold Lubetkin. He is a man who has completely disappeared from the architectural stage. He was born in Georgia in 1901, was brought up in Moscow, and went to Poland, France and Germany to train as an architect. In 1931 he arrived in England and in 1932 he formed the partnership known as Tecton.

He has been honoured by the Queen on the advice of the Royal Institute of British Architects. It is a belated honour for a pioneer who for 20 years in England sought to establish the new architecture. He became disillusioned with the progress of his kind of architectural thinking and in 1951 retired to his farm in Gloucestershire having dissolved the Tecton partnership in 1948.

Lubetkin has been described as an architect of anarcho-socialist persuasion who later showed a sympathy for Soviet Social Realism in his writings in the 1950's. He was one of the founders of the group known as the MARS group (Modern Architecture Research) with E. Maxwell Fry, Connell, Ward and Lucas; Wells Coates, and the writer P. Morton Shand. The MARS Group was the English wing of CIAM.

This Congres Internationaux d'Architecture Moderne was founded in 1928 to promote a new kind of city. The MARS Group rather naively dreamed of a future "which must be planned rather than a past that must be patched up." Lubetkin soon realised that MARS was not likely to be able to organise for the future and so he abandoned it in 1936 and joined the far more left-wing ATO (Architects' and Technicians' Organisation). This survived until the 1950's as a body devoted to the solution of the problem of working class housing.

During the '20s Lubetkin was engaged to "translate" the designs of the constructivist Melnikov for the pavilion in Paris for the Exposition des Arts Decoratifs. After designing trade fair buildings for the USSR and further studies in Paris he designed his first major work, a block of flats for a site on the Avenue de Versailles in Paris. In Paris he was in contact with Le Corbusier and Soutine.

Tecton consisted of seven partners in 1932—all architects who were to have a major influence on the spread of modern architecture in England: Lubetkin, Chitty, Drake, Dugdale, Harding, Samuel and Skinner. In 1938 Denys Lasdun joined the practice and became a partner in 1945. Others who worked with Tecton included the artist Gordon Cullen and the architect Peter Moro.

The best building of the partnership was Highpoint I, a cleverly planned block of flats in Highgate. It was built in 1936 and was soon followed by Highpoint 2 in 1938. Both blocks are raised up on *pilotis* and well sited among the trees. The entrance to Highpoint 2 is guarded by two copies of Caryatids of the Erechtheum—one of them looking prophetically to the right.

The Finsbury Health Centre with its tiled exterior and splayed walls is derivative of Le Corbusier and inside was designed for the observation of the working classes as part of a social experiment. Also in Finsbury is the Lubetkin Lenin memorial. Lubetkin designed a fair number of private houses for people and animals—his elephant house with four round pavilions is far more dramatic than the bungalow he designed for himself at Whipsnade. Lubetkin's interest in form led to some of the ideological struggles of the 1950s and there were those who felt that he had deviated from the functionalist norm. His struggle to make modern architecture accessible has never been fully understood—and his efforts were dismissed as "mannerist."

From 1948 to 1951 Lubetkin was architect to the Peterlee Development Corporation but he resigned in the early stages of the struggle to build the new town. For the past 30 years until he moved into Clifton at Bristol he has farmed. His architecture, like that of many others of his generation, now appears as an almost alien attempt to establish an abstract geometric aesthetic.

His place is secure as one of the emigré pioneers who found a welcome in England. He must feel, as do those who have belatedly given him this honour, that his work was never completed. Why did he stop practising? What does he feel went wrong with his approach to architecture?

He says himself that his work "is an embodiment of classical calm and clarity of ordered logic and equilibrium" and that it constituted a challenge to "surrounding perplexity and despair." The unanswered question remains, why did he give up the fight and who was responsible for his despair?

Covent Garden

Swan Lake

How to present the 19th-century classics, how to dance them, are problems facing any major ballet company. Texts can be revised, stagings rethought, and usually maltreated; the only impossibility is to ignore them. The Royal Ballet's way, in the main respectful, is based on the historical fact of having acquired honest versions of these works in the 1930s, through Nicholas Sergueyev's notation records of the St Petersburg presentations. This Vic-Wells inheritance, in its grand and immediately post-war state, remains a point of reference having almost mystic significance for company and audience alike.

Revision brings outcry in favour of the old productions: thus the fate of various new *Sleeping Beauty* stagings, and of *Giselle*. But these purportedly "authentic" texts are a mass of new material, insertions and re-writing. Like the Leslie Hurry designs for the current *Swan Lake*, which are a conflation of after-thoughts; like the David Walker Messel-inspired décors for *Beauty* and James Bailey's revival of his earlier *Giselle* decoration, they are exercises in the worst kind of "putting-the-clock-back" nostalgia.

I think that all three productions have never looked so marmoreal, so lifeless as they do now, enshrining traditionalism at its most unthinking and fusty. In *Swan Lake*, which I saw twice at the week's end, the opening scene offers the quaint sight of Siegfried thanking four of his mother's court ladies for the gift of a crossbow: peasantry drinking and fraternising with the gentry (which is what I take a gaggle of hatted and upholstered supers to be) while the Tutor bumbles about the stage and the dance soloists, in variously fancy dress, do their stuff.

This would matter less were there some indication of a performance-style—classic, vital, of the 1980s and not the 1940s—informing the dance. The general level of the corps de ballet is high; young soloists whom I saw in various roles—David Peden splendid in the first act trio; Ravenna Tucker, Fiona Chadwick, Michael Batchelor in the ball-room quartet—more accomplished.

There were also blustery, ill-shaped accounts of variations, and an improbable air to the third act national dances, all of which need to be re-choreographed and re-thought: the clatter of booted feet in the Spanish dance; the weird posturing and weirder dress of the mazurka, are risible.

I think it important that the Royal Ballet preserve the classics in something like the form in which they were received from Sergueyev, but they must also be kept alive—in just the way the Wright/Samsova *Swan Lake* for the Sadler's Wells troupe is alive in drama and dance—for audiences as well as for artists, and not paraded like monstrances containing the sacred relics of the Maryinsky.

It is into this unpromising situation that Briony Brind stepped on Friday night as Odette-Odile. Miss Brind, young and extremely gifted, made her début in *Swan Lake* to great excitement last season. She brings a physique of slim lines, expansive limbs and an already gleaming technique, to the double role. From her first arrowy appearance at the lakeside, we know that we are in the presence of an Odette; her fluidity of movement and the unfurling of her line (with Derek Deane a noble and accomplished Siegfried) are an immediate and vivid pleasure.

Miss Brind's interpretation offers real rewards in her natural physical distinction—there was a moment when she stood alone and gently raised her arms around her head which took my breath away—without much sense of the inner life of the role. She was giving us a vocalise rather than a dramatic aria. Her Odile, amused and contemptuous of Siegfried, was marked by the same bright pleasures in her dancing, and by a certain lack of temperament. I do not advocate vampish rampaging, and the production offers little enough help to an artist wanting to deploy feelings as well as line, but here as in the lakeside acts I sensed a need for coaching from a great ballerina to illuminate the possibilities of the ballet and to provide guidance in technical matters which still bother Miss Brind.

There is a sense of virginal blankness about many interpretations of the classics by Royal Ballet artists, which comes from the company's rejection of the help that can be given by dancers of a previous generation. (Kirov and Bolshoy ballerinas, prepared by Semyonova, Ulanova, Dudinskaya, make débuts in which they are armed and inspired by their teachers' greatness I noted with despair that when *Giselle* was restaged here two years ago, the guidance of Alicia Markover, sublime interpreter, was nowhere apparent.

CLEMENT CRISP

Barbican Hall

Orchestre de Paris by DOMINIC GILL

It is still too early to assess the success of the new Barbican Hall as a concert-place or its impact on London's musical life. Some of the signs are promising: others are much less so. The VIP airport-lounge ambience of the Centre has its pleasing features—not least the woodblock floors, the variety of warm colours, and the general sense of spaciousness. More experience of different seats, and different ensembles, in the concert hall itself will be needed before reliable pronouncements can be made on the (at best highly subjective) subject of acoustic: first impressions are of a clean, warm sound, exceptionally clear, from the first tier only a little distant, lacking in presence. The seats, by any standards, are very comfortable indeed.

All the same, serious worries persist. Will the pedestrian approach to the Centre from the nearest Underground station, at present one of the most hideous thoroughfares of London, a bleak neon-lit concrete tunnel named, with almost unbelievable inexactitude, Beech Street, ever be transformed into something less profoundly uninviting? More important, will the Centre have any coherent musical policy during the nine long months of the year when the LSO is not resident? Will the Centre develop impetus as a real cultural dynamo, or will it be content to remain a smart pendant of the City—dependent entirely on corporate money, a place to entertain friends and business associates, without risk of shock or controversy, to bland and undemanding cultural fare?

The concert programmes of the Barbican Hall for March and April, the first two months of its life, are hardly reassuring: the blandest and most predictable diet of standard repertory classics stirred up with safe "popular" offerings, an evening with The Spinners, a Johann Strauss gala, Dorothy Squires, Chris Barber, Eric Sykes and friends. Friends indeed: no unfamiliar turns or uncharted paths to discomfit the Barbican visitor here. And needless to say, no niche at all amongst such comfortable opulence, in any concert programme during the whole of the two months, for one single new or experimental work.

This comfortable emphasis was very much in evidence on Saturday night for the visit of the Orchestre de Paris, the first of any foreign orchestra to the Barbican, three years in the planning, and sponsored by the Banque Nationale de Paris. The name of the bank appeared on the foyer television screens, not unaptly, in a larger typeface than that of the orchestra. The whole of the centre block of the tier was occupied by black-tied and evening-gowned guests of the sponsors, who gathered for invited drinks in the interval, and afterwards upstairs for dinner. Distinctions between artistic enterprise and publicity exercise, never perfectly clear even at the most discreetly sponsored occasions, were more than usually blurred.

The concert itself was unspecial. Daniel Barenboim has worked wonders technically with the corporate sense of the Orchestre de Paris since becoming its Artistic Director seven years ago; but evidently it needs a greater conductor than he to inspire and transform what have been for as long as I can remember its fundamental weaknesses—wooden rhythm and dull sound. In most other respects the Paris Orchestra's account of Beethoven's eighth symphony in the first half of their programme was vigorous and alert; and there was zest and commitment to their performance of Berlioz's *Symphonie fantastique* after the interval, but with foursquare rhythms, without gut or spring, clipped the wings of the Eighth; and the textures of the *Symphonie*, its web of inner voices, flashing lights, for all the quantity of energy directed to the score, was colourless, without vibrant life.

Wigmore Hall

Ludmilla Andrew

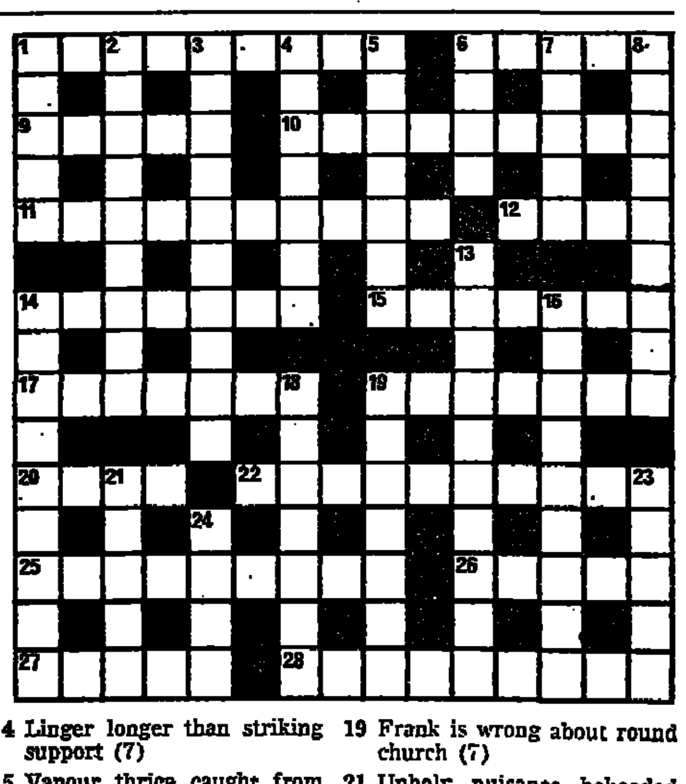
Until recently, this Canadian soprano has been better known as Milla Andrew; but she has chosen to bring her Russian parentage to the fore—and it isn't, after all, so drastic a renaming as Stephen Bishop-Kovacevich's. Her recital on Friday was all-Russian, and it proved to be a treasury of happy finds. That indeed was its overriding attraction, for Miss Andrew's vocal estate was in uncertain condition at first (the usual difficulties with reducing an operatic instrument to recital-scale, probably)—imperfect pitch, a hard-edged top, some inflexibility. Her sympathetic accompanist, Geoffrey Parsons, had had many unfamiliar songs to learn, and the pianistic demands of Medtner and Balakirev were only partly fulfilled.

By the second half of her programme, starting with her Chaikovsky group, Miss Andrew was in delightful form. She drew upon reserves of melting tone for those songs, found lilt and verve for three pretty Arensky pieces (including a taking waltz-song in Arensky's best parlour-style) and offered vivid snapshots of two Mussorgsky character-numbers, "Gathering Mushrooms" and the jocularly scathing "Hopak." By comparison the Rakhmaninov group that began the evening had sounded suitably grand but stuffy, and raw in detail. Better singing in Grechaninov had not persuaded one that his pair of songs amounted to more than dully transcribed "Russian" sentiment.

The real discoveries of the recital were Medtner and Balakirev. Of Medtner we had the near-Impressionist "Noon," a mock-Spanish "Serenade," and a brilliant "Butterfly" with *moto perpetuo* for the piano: highly polished music, taxing to perform but thoroughly attractive. Balakirev's more idiosyncratic products—two love songs on gravely impassioned dance-rhythms and the marvellous little "Song of the Golden Fish"—were too tentatively shaped here, but survived with credit. Miss Andrew is excellently equipped to explore this rewarding, neglected repertoire: other singers might profitably take a cue from her.

DAVID MURRAY

F.T. CROSSWORD PUZZLE No. 4,816



ACROSS

1 Arrive in hurry (4, 5)
6 Standard minimum for a degree—so it is stated (5)
9 Future for instance could be strained (5)
10 Try in a letter to produce irritability (9)
11 Bridge command, difficult, however, to a bird (4, 6)
12 Spring sound (4)
14 Page with vulgar line associated with Mrs Grundy (7)
15 Note drink taken with favourite cake (7)
17 Cockney bird ready for table heard to give in charge (7)
19 Drop off when losing 6-1 (3, 4)
20 Stage set heard and understood (4)
22 Boards get daughter to admit deposits (6, 4)
25 Act not bound to be free (4, 5)
26 Select part of the Spanish tie-break (5)
27 County bowler (5)
28 Working independently for small National Health surgery? (4, 5)

DOWN

1 Win round (5)
2 What young person might wear—diamonds for instance (5, 4)
3 Find a mean welcome to storm published (7, 3)
4 Linger longer than striking support (7)
5 Vapour thrice caught from the stomach (7)
6 Temptation to tease (4)
7 Is upsetting woman in riddle (5)
8 Players reveal place in Derbyshire (9)
13 For the best fair also (4, 2, 4)
14 Fastening papers given to boss (5, 4)
16 Step up supporting resolution (9)
18 Censure detail (4, 3)
19 Frank is wrong about round church (7)
21 Unholy nuisance beheaded in mistake (5)
23 Eastern Mediterranean resort about to reveal relative (5)
24 Direction to deposit by butcher (4)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

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Monday March 8 1982

Overkill on tax avoidance

IN THE world of international finance, the dividing line between prudent commercial behaviour and tax avoidance is fuzzy to non-existent. So it has taken company boards the best part of three months to wake up to the fact that the Inland Revenue's proposed rules to curb international tax avoidance could hit normal operations as well as those contrived activities against which it is specifically aimed.

The Revenue's concern about tax avoidance is clearly justifiable. Since exchange controls were lifted in 1979 billions of pounds have left the UK, and not a few of them have probably been lodged in one tax haven or another where interest can be accumulated tax-free. To the extent that UK residents would otherwise have retained these funds at home, that represents a straight loss of taxation on unearned income to the exchequer.

Not confident

Identifying the problem is one thing, dealing with it effectively is quite another. The legislation proposed represents a major change in the taxation of UK companies. Not only have long standing and internationally accepted rules on residence been overturned in favour of an untested formula, but the UK is starting down the U.S. route of taxing its residents' businesses wherever they may be. These two changes alone have major implications for commercial practice.

Even by incorporating changes of this magnitude, the Revenue has not felt confident of its ability to curb avoidance by hard and fast rules. The proposed legislation relies ultimately on administrative discretion. It is drawn so tightly that a whole range of reputable companies will be forced to use the escape clause based on their motivation. Interpretation of that will depend on administrative practice for years before test cases in the courts provide a legal framework.

There is a genuine conundrum here. The Revenue probably does need powers as wide-ranging as this to cope effectively with avoidance. To deal with every specific device piecemeal in legislation would be counter-productive — in the Revenue's domestic avoidance department there is an off-the-cuff estimate that each clause legislated to block a loophole spawns two fresh avoidance schemes. The trouble is that companies want and require certainty for the purposes of planning their tax affairs, and they are wary of Revenue discretion and goodwill. If the price of curbing international tax avoidance is an arbitrary UK tax system, could the price be too high?

Implications

There is a respectable argument to be made for not even trying to track down so called international tax avoiders. The whole problem arises because the taxing authority is ambitious enough to want to tax the earnings of residents wherever they arise. But many countries only attempt to tax those profits that arise within their own territorial jurisdiction. As far as the company sector is concerned this would appear to make a good deal of sense for the UK, especially as the yield of corporation tax is anyway relatively low.

Such a change of approach would, of course, have major implications; but the Revenue's own proposed changes are just as fundamental. They require extremely careful consideration—which they will certainly not have received if the Chancellor introduces them with the Budget tomorrow as planned. The final deadline for submissions was February 26; it would be a mockery of the process of consultation if 11 days later he announced that, in spite of all the objections, the legislation would be brought in.

Makes sense

There is an obvious context in which the proposals can be considered at greater leisure. Last month the Revenue published a Green Paper on the structure of corporation tax, in which every option for change was considered. Reactions are requested by the end of September. So it would make sense to consider how the rules on company residence et al might be changed in tandem with this operation. Moreover, since the cost to the Exchequer of international tax avoidance has not been, and probably cannot be, established, the price of procrastination need not, in this case, become a political issue.

A frank friend of Israel

THE STATE visit which President Mitterrand of France has just paid to Israel may not have brought a solution to the Arab-Israeli conflict any closer; but the straight talking that went on between M Mitterrand and his Israeli hosts cannot fail to yield some benefits in the longer run. Too often, in the case of delicate diplomatic exercises of this kind, the visitor is so careful not to offend his hosts, that disagreements are skated over, only to re-emerge later. That the sharp differences between France and Israel over the future of the Palestinian people were aired publicly in a speech by M Mitterrand to the Knesset without causing a diplomatic incident was a considerable achievement.

No doubt M Mitterrand was helped in his task by the fact that he has always shown himself to be a warm friend of the Jewish people, many of whom have played a prominent part in the French Socialist movement, and a staunch defender of Israel's right to exist. His hosts were certainly also aware that, in paying a visit to Israel at all, the French President laid himself open to the hostility of the Arab world, influenced more by the symbolic nature of his gesture than by the contents of his statements. Given France's heavy reliance on oil imports from the Arab countries and the large amount of trade it does with them, M Mitterrand was taking a big diplomatic risk in visiting Israel.

Though M Mitterrand's declaration to the Israeli Parliament on the Palestinians' rights provoked the ire of Mr Menahem Begin, the Israeli Prime Minister, its basic policy options could hardly have come as a surprise. France and its European partners have long been on record as supporting the Palestinian people's right to self-determination and a homeland. If M Mitterrand went a little further than usual in foreshadowing the eventual establishment of a Palestinian "state," this is no more than a more precise formulation of what most European governments consider to be the inevitable outcome of self-determination.

Predictable

Mr Begin's strong objections to the creation of a Palestinian state "whose sole objective would be the destruction of Israel," were entirely predictable. But they should not be allowed to obscure the fact that M Mitterrand made a number of points in his Knesset speech which must have pleased the Israelis.

The French President emphasised that only those directly involved in the Arab-Israeli conflict should negotiate a settlement, thus ruling out any solution imposed by outside powers, which the Israelis have always feared like the plague. Equally important for the Israelis was M Mitterrand's statement implying that UN resolution 242, calling for the withdrawal of Israel from all occupied Arab territories, should not rule out possible frontier modifications, negotiated by the states involved.

M Mitterrand has thus carried out his pledge that during his visit to Israel he would set out honestly his government's position on the Middle East crisis, without fear of criticism from either side. That will undoubtedly gain him a certain amount of respect in the region. One of the main weaknesses of his position, however, is that he is speaking for France alone and not for the European Community as a whole.

If any doubts remained after the remarks by M Claude Cheysson, the French Foreign Minister, in December last year, that France no longer supported the European peace initiative embodied in the 1980 Venice declaration, they have been dispelled by M Mitterrand.

Realistic

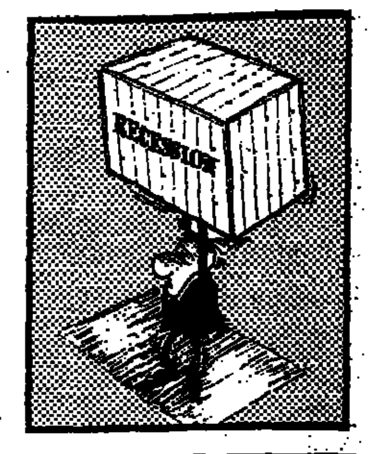
In his Knesset speech, the French President stressed that he considered a step-by-step approach, such as the one provided by the Camp David agreements, to be a more realistic method of reaching a peace settlement than "global" negotiations—at least for the moment.

That may well be true. But it should not be beyond the ingenuity of the Ten to devise a common position which takes account of these views, while retaining the basic principles of the Venice declaration to which all Community members subscribe. The danger is that the Camp David process may not survive the Israeli withdrawal from the Sinai next month. In that case, it would be sad indeed if the European Community did not have an alternative plan up its sleeve.

WRESTLING WITH RECESSION—1

The upturn that hasn't come

In autumn 1980 an FT series, Wrestling with Recession, described the problems of 15 British companies. John Elliott, Industrial Editor, has revisited them and talked to chairmen and senior directors. Here he sums up their experience and (below) looks in detail at two contrasting stories.



CONTRARY TO most expectations, Mrs Margaret Thatcher may be on the brink of recouping at least some of the ground which she and her Government have lost in the heartlands of British industry over the past three years.

On the eve of the Budget most of the companies interviewed 18 months ago in the FT's series on the recession accept that they are now "leaner and fitter" than they were then. But this tentative change of heart about the Government owes nothing to any initiatives by either Mrs Thatcher or Sir Geoffrey Howe, the Chancellor of the Exchequer.

There are two reasons for it. First there is a growing acceptance of the influence of international factors which came home to most companies with last autumn's damaging jump in interest rates. The Government is not generally blamed for these, now that the initial shock has worn off.

Second, most companies accept the good that has been done to those which have survived the past two years. But there remains deep concern about unemployment and about the number of companies which have been hit. Companies worry about what they may have to do if the economy does not pick up by mid to late summer—and about the imports which may flood in if it does.

Between them the 15 companies—none of which has gone bust—have shed some 53,000 jobs in the UK out of a 1979-80 total of 240,000. GKN dominates these figures, having shed some 21,000 out of 69,000. At the other end of the scale Digico of Hertfordshire, a steadily growing small computer company, lost no-one and still employs about 190 people. And Dale Electric, a specialist engineering company in Yorkshire, shed only 65 of its 1,030 employees and is by far the most bullish of the group.

Most of the companies admit that Mrs Thatcher was right to force them to mend their ways much faster than they would have done otherwise. But almost all are working 30 to 50 per cent or more below capacity and want the chance to cash in on productivity gains and avoid further disaster.

"We are glad we have done all this and our shareholders ought to be, too" says Mr Alan Wagstaff, chairman of Tootal, whose UK labour force has shrunk from 17,000 to 9,500 in two years as the company has hacked away at its loss-making textile operations, desperately seeking for the core businesses on which it could survive.

"We've given our employees a hell of a time but there's no future in business for haemorrhaging loss-makers." Having stopped most of its traditional textile operations like general spinning, weaving, finishing and printing in what is called a "segmental retreat." Tootal has found its UK base in thread, clothing, and textiles, says Mr Wagstaff. But seeing no sign of an upturn, he warns: "Pushed any further, we could suffer serious damage."

Another company which has been cutting back, searching for a permanently profitable base within the special steels industry, is Johnson and Firth Brown. It is still looking for savings, having shed 3,000 of its 14,000 workforce and warns that, "What has been gained may be chucked away if we have to pull out of any more things just to survive."

But Mr George Hardie, finance director, still says: "In the long run it should have been worthwhile—we did seem to be dying a slow death before."

However, not everyone is so sure. Mr Edgar Watts is finance director of Jones and Shipman, a small, proud Leicester-based machine tool maker, which still sees no sign of recovery after cutting back its 1,550 workforce by 400. "We've had a rough deal," he says. "Obviously we've cleared some fat gained when our orders were good. But if you gave me the option of going back and carrying on as we were in 1979, we'd choose that option."

Both Wedgwood and Kenwood (part of Thorn EMI) also resent the pressures they have suffered. Wedgwood has closed three factories and cut its 8,000 workforce by some 2,000. Mr Peter Williams, its deputy chairman, says: "We have been forced into a more rapid concentration of our production. But its been a very hard way to achieve a limited objective."

Kenwood's workforce is down by 480 to 950 and the company has had the shock of seeing a slight recovery last summer demolished by the autumn's higher mortgage and interest rates, causing fresh redundancies. Mr Keith Miller, chairman of Thorn Domestic Appliances, says: "We just hope that somewhere along the line Thatcher expects to get re-elected and acts accordingly."

There is also deep resentment about the way the Government is continuing to allow energy prices, rates and other public sector costs to undo some of the gains made by the private sector. Mr Miller says Kenwood had to bear increases in public sector prices averaging 15 per cent last year while private sector suppliers raised their prices only by 5 per cent. This year prices are estimated to go up 12 per cent in the public sector (more if steel prices rise sharply) and 7 per cent in the private sector.

Mr Jonathan Gestetner, joint chairman of Gestetner, has figures at his finger tips to show that his company this year is paying £1m basic rates to Haringey Borough Council for its main London factory, proportionately three times as much as it pays for industrial premises in Wellingborough, Northants.

Many of the changes introduced by companies were started before the recession and have been hastened by it. GKN, for example, has completed a strategic reorganisation, building up its automotive components, industrial services and distribution businesses at the expense of steel, nuts, and bolts. But the recession compounded the effects leading to a November 1980 peak of 24,000 people on short-time, working two or three days a week, in addition to its massive redundancies. In 1980-81 this contributed to £50m redundancy and closure costs. GKN still has approaching 2,000 on short time, unlike most of the other companies which are generally back to full-time working (apart from Jones and Shipman which has been on a four-day week for a year and expects that to continue until September).

GKN has been expanding abroad while cutting back in the UK. Its capital investment programme has been maintained at about £90m a year but the UK share has fallen from 90 to 65 per cent in the past two or three years and is now going down to 50 per cent where it will probably stay.

Northern Engineering Industries has also expanded abroad (notably buying Extel in the U.S. to broaden its technology base), while shedding some 5,000 UK workers in two years. Dale (see below) has also broadened its base with foreign investments.

But, with a weaker industrial base, Tootal has pulled back as well. While buying two businesses in the U.S., it has also sold a loss-making U.S. stores group—Ups 'n Downs. Now it is trying to sell an Australian textile investment, Bradmill Industries, for £23m—partly because it has found the investment of little direct benefit and partly to raise cash that will reduce its UK gearing by 23 points. (Gearing problems have also caused Johnson and Firth Brown to sell some UK companies, yielding about £12m so far, which is needed to fund the eventual business upturn.)

Exports have become increasingly important to virtually all the companies. But while there have been some notable proportionate increases compared to UK sales, actual volumes have quite often dropped. And, as is well known, export orders have been accepted in many companies at minimal profit margins just to keep operations ticking over—sometimes as low as 2 or 3 per cent on turnover. In general, in fact, companies' aspirations on overall profitability have been dramatically and permanently reduced.

Pay rises have generally fallen from 9 to 10 per cent to 5 to 6 per cent in the past year and there is widespread praise for the co-operation of workers and trade unions. There are serious fears that deep-seated trade union restrictive practices will one day be fought for all over again and that there may soon be pay revolts from workers who are tired of losing out on living standards to the public sector.

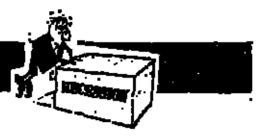
Now industrialists hope that international factors will improve sufficiently to enable the economy slowly to pick up in the second half of the year without being hampered by the false starts of 1981—otherwise there will be more substantial cutbacks.

Recent cuts in oil prices are regarded as encouraging, but most businessmen would also like the more permanent benefit of a reduction in the National Insurance Surcharge. Substantial cuts in energy costs would equally please some businesses like Johnson and Firth Brown. Others, like GKN, favour the authorisation of public projects like new roads and by-passes which would slowly feed into the economy while companies such as Kenwood, which are nearer to the consumer, plump for income tax cuts.

Above all, businessmen want to hear tomorrow of measures that will indicate hopes of a revival. "I'm not talking myself into false hopes. The recession has shaken us up and that's good but I'm worried about the persistence and length of it," says Mr John Young, managing director of the Weir Group, which needs orders urgently.

Sir Geoffrey has it in his power to encourage that confidence. Then industrialists will lose their past resentment even faster because, as Mr Philip Ling, general manager of Johnson and Firth Brown said of the Government's policies in September 1980: "It's like having an operation without an anaesthetic. If it saves your life you will be grateful later, but while it's going on you scream like hell."

KENWOOD



'... If not, then God help the country'

KENWOOD'S hopes of a steady recovery were dashed when interest rates and mortgages suddenly rose last autumn, leaving people with little spare cash to spend on its food mixers and other domestic appliances.

With no prospect of an early boost to home demand, it is now relying on increased exports to tide it over till the late summer when it hopes seasonal demand will pick up as it used to.

Immediately after the interest rate rise the company had to lay off the 72 extra workers it had taken on at its Havant, Hampshire, factory, believing that, having trimmed back on non-essentials earlier in the year, better times were arriving.

"But that light at the end of the tunnel seemed to become the light of an oncoming train and it is almost as if we were heading into a second recession," says Mr Keith Miller, chairman of Thorn Domestic Appliances, which owns Kenwood.

Its main problems started in 1979-80 and continued into last year with the high value of sterling, high interest rates, and a general collapse of home and overseas demand. In particular, the pound was strong against its best European markets. A link-up with Sharp in Japan produced disappointing export results.

But its early cutbacks stood it in good stead through the first half of 1981.

"We hacked away at indirect staff like sales support people, servicing overheads, warehousing and distribution and transport. We have taken these steps hoping we have kept the essential fabric OK by not cutting seedcorn expenditure on sales, engineering design and development." Plans for three new products to be launched in the next 18 months have not been abandoned.

Kenwood's own stocks of finished goods have been reduced by one-third and stocks in shops are also at record low levels, which means fresh orders should feed directly and quickly onto Kenwood's under-utilised factory floor. If they do not do so at the end of the summer "it won't be a case of God help us, but God help the country," says Mr Miller.

DALE ELECTRIC

No frills in the drive for exports

LIKE ONE or two other companies among the 15 which could afford to do so, Dale Electric of Yorkshire has expanded abroad and maintained its expenditure on sales and innovation during the past two years.

"Recession was our enemy. We worked our way out of it by cutting out frills and fancy administration, getting out into the market, and getting our supply prices right," says Mr Leonard Dale, the 65-year-old founder and chairman of the 1,000-employee company.

Now Dale has a record order book totalling £32m stretching 12 to 18 months ahead, which is a good time-span for its type of business—manufacturing generating sets and aerospace ground power equipment.

Some £26m — about 80 per cent — is for export which is a much higher proportion than the 50 per cent recorded in the late 1970s.

Having suffered in the past from the sudden disappearance of export markets for political reasons, Dale has invested £2m abroad for the first time to get a broader base and beat tariff barriers. It has secured a 49 per cent share in a Mexican generating set business and a 70 per cent share of a French company. Dale also plans a 50-50 joint venture in Nigeria.

At home, seeing a decline in small generators, it shut a factory in Hull in 1979 once almost all the 50 employees had found other jobs and concentrated on larger sets in a new factory. Since then, its redundancies number only 10 to 15. To protect jobs, it built standard units worth £1.5m for stock in 1981 (now down to £400,000) and accepted export orders at tiny margins of only 3 to 4 per cent on turnover when the pound was well above $2.

It put its Houchin aerospace power equipment factory on a three-day week for four months last year and sold a couple of poor performers.

But more was spent on advertising and "getting out in our markets" especially abroad. Production, methods were improved to cut labour unit costs by 15 per cent over 10 months.

Men & Matters

Space invaders

One of the reasons that the BBC was able to wheel itself into the right position at the right time to garner the fruits of the Government's sudden satellite broadcasting enthusiasm is, of course, its centralised power structure. ITV is far too democratic for quick political footwork. The commercial companies must now realise that the Beeb's new technology triumverate—George Howard, Alasdair Milne and Bill Cotton—are going to take some beating.

BBC chairman Howard and director general designate Milne both have formidable reputations as no-nonsense decision takers, but Cotton is still something of an unknown outside the show-biz pages. In fact the recent BBC shuffle at the top made Cotton—the son of Wakey Wakey, Billy—arguably second only to Milne in terms of sheer BBC executive power ("I think we'd prefer the word 'influence'," whisphered my Beeb mole).

Cotton was very much in the limelight when the Corporation was unveiling its satellite plans last week thanks to his new job as director of development. Thus it is that the 53-year-old Cotton not only has the task of putting those plans into action, but also of scheming the Corporation's ploys in cable-tv (it is already involved in one experiment) and of supervising the changing face of BBC Radio.

This is only one area of the growing Cotton empire. He also straddles both the Corporation's television channels as Director of Programmes and at the same time has been made chairman of BBC Enterprises, a post traditionally held by the BBC Finance Director. The moves are clearly intended to ensure that programme-makers, programme-sellers and new venture ideas-people are working towards the same goals.

Cotton's talents seem to rest in a knack for guessing public taste and an ability to generate affection among his staff. While he has long had a mutually distrustful relationship with the critics he would rank high on any internal BBC popularity poll.

This may be an asset upon which he will have to draw considerably over the next year or so. Between the BBC and the new golden age the dynamic trio envisages lies a trecherous ocean of politicking and union agreements. The BBC talent unions are not going to let Cotton dip into the barrel of past productions to provide material for his space stations without some at least of the benefit coming their way.

Consuming

The world of consumerism has had the weekend to digest the appointment of former child psychologist and more latterly Health Minister Dr Gerard Vaughan as successor to Sally Oppenheim as Britain's Minister of Consumer Affairs. A quick sortie among the cord-trousers and brown rice brigade revealed that Dr Vaughan's arrival is viewed with cynical optimism.

Dr Vaughan's track record suggests that he could be a quite outspoken campaigner for consumer rights—you should read what he used to say about the Health Service, but that was before he became its Minister, of course. The first things he should turn his mind to, I am assured, include consumer representation on the boards of nationalised industries and what Government is going to do about bargain offer advertising.

The mood of the coming relationship between Dr Vaughan and his lobbyists could be set before the end of the month. Within the next couple of days the National Consumer Council will have to decide whether Dr Vaughan is to be invited to the grass-root Consumer Congress to be staged in the University of Surrey in three weeks time. Mrs Oppenheim had been asked along and said yes. If Dr Vaughan is asked, and agrees to go, one item on the agenda should fascinate him. The National Health Service and patients' rights and responsibilities.

"With all this pre-Budget gloom you won't have anything left for post-Budget depression."

Togetherness

I bring word of an annual report which talks of a boom year. The bad news, on this Monday morning of Budget week, is that the boom is due to redundancies and growing desperation among the charities. The missing link between the two is Reach (the Retired Executives Action Clearing-House) a charity itself whose role it is to put the retired and the redundant in touch with voluntary bodies which need their expertise.

Last year was only the second for Reach, and it has dealt with more than 1,000 applications from retired executives looking for full or part-time voluntary work, plus more than 1,200 requests from voluntary organisations in need of specialised help. A former Costain International director is supervising the conversion of Bow Baths into a community centre; a one-time divisional director of Burmah Industrial Products is helping with the marketing of Cheshire Foundation goods; and an Esso sales manager has gone to be appeal director of the Gloucestershire Trust for Nature Conservation.

Reach director Nick Grace (ex-Mind, ex-Voluntary Service Overseas) finds that while the age of applicant is falling, and now nudging ominously towards the mid-50s, more companies are backing the charity. "They know there is more to redundancy and retirement than a cheque, a golden handshake or a farewell dinner." BP, GEC, Marks and Spencer and Unilever are among major sponsors. Applicants, who usually have a pension, get the status of a job to go with it: "They still want a reason for getting up in the morning," says Grace. "An empty diary is a terrible thing."

These days Grace is getting more former teachers on his books, and even a few journalists. There have been "two or three" former ambassadors but, he adds wryly, "they are most difficult."

Party line

Sad news for SDP supporters saving up for their £2.50 a time first anniversary celebration party at the Wembley conference centre on the night of the Hillend by-election. SDP chiefs will meet today with cancellation or postponment very much on their minds. Officially the line will be that too many spokespersons will be needed for TV/radio/press interviews after a Hillhead triumph for the Wembley shindig to really swing. Observer's book of apocryphal proverbs says: Hot dancing is very difficult with cold feet.

Observer

FOREIGN AFFAIRS

The Trident dilemma

By Ian Davidson

IN THE summer of 1980 the British Government announced its decision to replace the ageing Polaris submarine-launched strategic nuclear missile force with four new submarines equipped with the Trident C4 missiles now being deployed by the U.S. Since then, President Reagan has decided to accelerate the transition to the Trident D5 missile, which is larger and more accurate and carries substantially more warheads, and the British Government will shortly have to choose whether to stick to the earlier plan or to follow suit with the Americans. It is a profoundly uncomfortable choice, and it needs to be said at the outset that there are so many arguments against either course of action that no decision will be satisfactory.

The arguments against going for the Trident D5 are those of cost, redundancy and proliferation. No-one can know what the new system will eventually cost, since the Americans are still developing it, but it will inevitably be much more than the £5bn claimed in 1980 for the smaller C4 system, and even that figure provoked whistles of disbelief from the Government's critics. Some guesstimates put the D5 figure somewhere between £7bn and £10bn. Spread over a large number of years, this cost can be represented as a fairly modest proportion of the probable defence budget in any one year. Once the capital expenditure had been digested, the new force might prove as cheap to run as the existing Polaris force.

Assurances that it would be cheap 'in the long run'

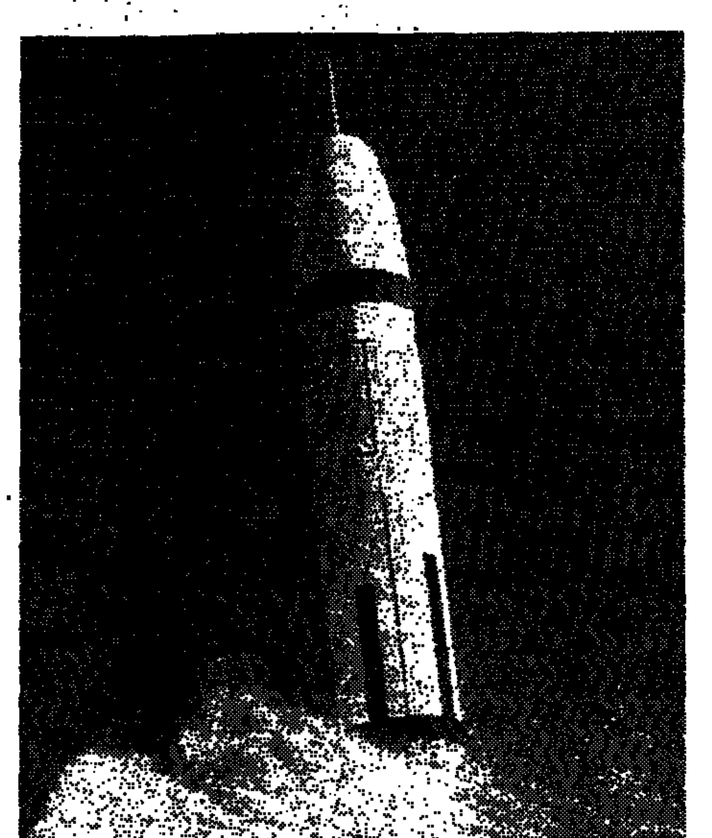
Nevertheless, it is impossible to take on trust official assurances that Trident would be cheap "in the long run." At least £1bn was spent (secretly) on developing new warheads for Polaris, and several hundred million pounds now have to be spent on giving the missiles new motors. It is a safe bet that there would be analogous extra costs during the life of the Trident system. Advocates of Trident maintain that savings secured by going for a cheaper system, or even by forgoing a replacement for Polaris altogether, would not be large enough to provide any very substantial improvement to Britain's defence capability; but this is a very curious argument for the Ministry of Defence to deploy at a time when it has recently been forced to implement quite severe defence cuts and still cannot keep control of cost inflation in defence procurement. If a spendthrift tells you that a Rolls-Royce would be cheap in the long run, you count the spoons.

The question of cost is particularly acute because the most pressing need for Nato is to strengthen its conventional defence capability. Nato's tactical nuclear weapons no longer provide a counterbalance to the growing conventional strength of the Warsaw Pact (if they ever did), because they are faced with equivalent or superior tactical nuclear weapons on the other side. Trident may only have a marginal impact on total defence costs, but sooner or later marginal erosions lead to significant reductions in conventional defence capability.

The second argument against the D5 is that it is a far more powerful system than Britain requires. In principle, it will be accurate enough to pin-point Soviet missiles in their silos, and while this kind of precision may or may not have some justification in the context of the vast American arsenal, it serves no conceivable purpose for Britain. A British strategic nuclear deterrent could only be fired once; the only requirement, therefore, is that it must be able to cause maximum damage to Russia's top-value target—Moscow or a similar city.

The third argument against the D5 is that the much larger number of missiles it is capable of carrying (up to 13, compared with three on Polaris) represents a significant addition to the arms race. Not only is this undesirable in itself, it is particularly inappropriate when all western governments are urging the two super-powers to make real progress in negotiating limitations—if possible, reductions—in their nuclear arsenals.

The U.S. and its Nato allies are resisting Soviet demands that the British and French strategic systems should be counted in the Intermediate-range Nuclear Force (INF) negotiations in progress in Geneva. But if President Reagan comes up with proposals for new negotiations on strategic systems, and if those proposals are based on the idea of deep cuts (as he has frequently indicated), the prospect of a sharp increase in the number of British warheads could be profoundly embarrassing.



The Trident C4: a new way ahead?

Unfortunately, the arguments against the C4 are probably at least as telling as those against D5. By the time Britain needs to fit missiles in its new submarines, in the early 1990s, the C4 will have become obsolescent in the American arsenal. No doubt the missiles would work perfectly well on installation, but the absence of continuing overlap between the British and U.S. systems makes it rather unlikely that the British force should be kept operational for its planned life of about 30 years, except at considerable cost in maintenance and updating.

Some people have canvassed the idea that cruise missiles would offer a cheaper alternative to a new ballistic missile system, but the suggestion is open to manifold objections. Cruise missiles are cheaper than ballistic missiles, but they are also much more vulnerable to Soviet air defence systems, and will no doubt become more vulnerable as the Soviet Union gears up to counter the cruise missile danger. To get an equivalent number of warheads to their targets, therefore, would require a much larger number of cruise missiles than of ballistic missiles. Moreover, the most essential characteristic of any British nuclear deterrent is that it must be invulnerable to pre-emptive attack by the Soviet Union, and the most invulnerable launch platform is a submarine. But a much larger number of cruise missiles (as argued above) would almost certainly mean a larger number of submarines; and since the submarines are the most expensive element in the strategic force, a cruise missile deterrent in submarines would be more expensive than an equivalent ballistic missile force.

An alternative notion would be to distribute nuclear cruise missiles between a large number of existing naval vessels, whether surface ships or submarines, and thus save on the cost of building additional submarines. Such a deployment would be more detectable than a strategic submarine force; but enough of them would be survivable if they were very numerous and dispersed over a wide area.

There are several objections to such a configuration. It is easy to imagine that the ordinary tasks of a frigate say, could come into conflict with the requirements of its role as a strategic platform, to the detriment of both. Second, such a large and widely dispersed strategic force would be extremely awkward to control. Finally, the implied proliferation of missiles would be objectionable on arms control grounds. Placing cruise missiles on a special fleet of small vessels in British coastal waters might solve the first two problems, but at a price: vulnerability to pre-emptive attack.

The heart of the dilemma facing the UK is not so much the choice between the C4 or the D5 version of Trident, but whether Britain should stay in the nuclear weapons business at all. If the answer is Yes, then it would seem that D5 is the least bad alternative; but it is not obvious that the answer should be yes.

There are two rationales for the independent British deterrent. The first is that the existence of a second decision-centre, apart from Washington, adds to Moscow's uncertainty and thus enhances deterrence. If so, however, we cannot at the same time deny that it also gives Moscow an additional reason to maximise its own nuclear arsenal. The purchase of D5 with its extra warheads would add to an arms race which is already creating anxiety.

The second rationale is that we cannot foresee what will become of the Atlantic Alliance 10 or 20 years from now: if the Americans were ever to revert to some version of their more traditional posture of autonomy, the argument goes, Britain would need to be able to defend itself. This may be true in general; but if 330,000 U.S. soldiers went home the highest priority would have to be the strengthening of Europe's conventional forces. The combination of a weaker defence capability on the central front, with a British deterrent whose only function is to protect Britain, is not a happy recipe for strategic solidarity between the countries of Western Europe, and might well reinforce neutralist tendencies.

What makes this issue so troublesome is that the broad political consensus which used to exist—in practice if not in theory—on the cheapness if not the usefulness, of the independent British deterrent, has now disappeared. Any alternative government to Mrs Thatcher's would almost certainly cancel Trident, and a Labour Government would get out of the nuclear weapons business altogether.

Any alternative government would cancel

One argument put forward for choosing the D5 rather than the C4 is that it would delay the expenditures of large amounts of money, and thus reduce the costs of cancellation if Mrs Thatcher were to lose the next election. My own, reluctant view is that the Government should go for Trident D5 but at the same time state publicly that it would be prepared to place all Britain's nuclear weapons on the line if the two super-powers were to make substantial progress in reducing their nuclear arsenals across the board. If we could give a real impetus to arms control, the cancellation costs of D5 would be cheap.

Lombard

A comparison of unemployment

By Samuel Brittan

A MEETING of OECD ministers of labour and social affairs last weekend had before them an interesting Secretariat brief on international unemployment experiences.

The headline point was that unemployment increased in the whole OECD from an average of 7.6m in the 1960s to 10m in 1970-73, to 15m in 1975-80, and is estimated to reach 28.5m or 8 per cent in 1982. Some 16.5m of the total are in Europe.

Consumer price inflation doubled from 3 per cent per annum in the 1960s to 6 per cent in 1971-73, reached a peak of 12 to 13 per cent in 1974-1975 and has since fluctuated in the 7 to 13 per cent range. Thus no simple relation emerges between unemployment and inflation either way; and opinion pollsters who ask people questions on the assumption that there is are performing a disservice.

The average annual growth of output has fallen from 5 per cent in 1960-73 to 2 to 2½ per cent since then. Productivity growth, measured by output per employee, fell sharply from its pre-recession trend of 4 per cent but, according to the OECD, is now picking up again.

The OECD estimates that output forgone through higher unemployment amounted last year to $340bn or half the French GDP. As a piece of arithmetic this is fine; but thus stated it gives the impression of a loss deliberately incurred by governments to fight inflation—which is, to put it mildly, tendentious.

Although there is talk of "structural rigidities," nowhere does the OECD note say outright that the demand for labour is related to its cost, and the Secretariat is much too tactful to talk of "pricing out of work" by either governments or unions. Nor is the contribution of higher energy costs in making equipment obsolescent and thus reducing growth stressed at all. But it does emerge that oil demand per unit of GDP has now fallen by 25 per cent since 1973, which holds some promise.

A great difference emerges between the two sides of the Atlantic. In 1980 unemployment rates were the same in the U.S., and the UK and France. But whereas the average British and French worker on the dole had been out of a job for nearly 10 months, his U.S. counterpart had been less than three months. Thus it is much easier to interpret American unemployment in terms of "search" periods between jobs than is the European variety; and it is not surprising that the issue is politically more highly charged on the eastern side of the Atlantic. The Scandinavian position is more like the American than the European.

There are also very large differences in the ratio of youth to adult unemployment. By far the highest was Italy with a ratio of 7.2 and the lowest was Germany with 1.5. The UK and France come in between with about 3.5. The contribution of a sophisticated training system, combined with relatively high differentials between the young and the fully trained, to the German figure can bear emphasis.

The share of foreign workers in the working population varies widely. If we leave out Luxembourg, Switzerland leads with nearly 17 per cent. It is seldom realised that Belgium has the same proportion of "guest workers" as Germany—about 8 per cent. Austria too has nearly 6 per cent.

With the exception of Belgium, these countries have gradually run down the number of foreign workers since 1974. They have also been near the bottom of the European unemployment league. The explanation is not simply that foreign workers depart to make way for domestic employment. It is rather that the more mobile and less militant "guest workers" provided a cushion protecting domestic workers from the employment impact of excessive real wages.

Naive theories about there being too many people for the jobs available cannot survive scrutiny. Since 1973 the U.S. labour force has grown by 2-2½ per cent per annum, compared with about ½ per cent in Britain and France. But the unemployment deterioration has been much greater in the last two countries. Demand as well as supply shifts have to be considered together with the movements of the price, known as the real wage, that ought to link the two.

Letters to the Editor

ASEAN members united on twin Cambodia objectives

From the Acting High Commissioner of Singapore

Sir,—The article by Alain Cass (March 2) "ASEAN in disarray over Kampuchea" highlights alleged differences in approach among ASEAN members on how the conflict in Indochina can be resolved, and which *it claims* are *putting* the group's unity under strain.

On the contrary, ASEAN members are united on their twin objectives in Cambodia: the withdrawal of all Vietnamese troops, *followed* by UN-supervised free elections in which Cambodians can choose their Government without coercion or intimidation by any groups.

It is the steadfast support provided by ASEAN that has helped democratic Kampuchea retain its seat in the UN the *past three* years while denying recognition to the Vietnamese-installed regime in Phnom Penh.

This support continues, even as ASEAN seeks to broaden the base of the DK Government by encouraging the anti-Vietnamese *Kampuchean groups to* enter into a coalition. It is up to the Kampucheans concerned to agree on the terms of a coalition. ASEAN can only urge them to form one in order to marshall all patriotic forces to *confront* the Vietnamese and to ensure more widespread support and assistance for DK internationally.

Cass is mistaken in suggesting that China and Vietnam are the two ultimate arbiters of *stability* in the region, ignoring the Soviet Union whose "greater presence" and "increased activities" he earlier noted. ASEAN members are convinced that if the Cambodia conflict drags on, with China backing the Khmer Rouge and the Soviet Union behind Vietnam, a more intense Sino-Soviet conflict is inevitable, one that will inexorably draw in the whole of South-east Asia.

ASEAN members do not want to see that happen nor do they wish to see Vietnam in perpetual bondage to the Soviet Union or forced into submission by China. It is to help Vietnam avoid either fate that ASEAN invites Vietnam to discuss a political settlement in Cambodia *that* takes into account the interests of both Cambodia and Vietnam, besides the whole of South-east Asia. The ASEAN-sponsored UN Resolution on Cambodia embodying the Declaration of the International *Conference on Kampuchea* provides the framework for such a settlement. ASEAN members are united in remaining committed to that goal.

Mushahid Ali.
Singapore High Commission,
2 Wilton Crescent, SW1

New issues procedure

From Mr J. Tunnicliffe

Sir,—If the issuing houses wished to minimise the adverse publicity attendant upon a stagging operation as successful (from the stags' point of view) as the Amersham one, their procedures could surely be overhauled without undue expense.

The names of applicants and drawers of cheques could be computerised to weed out multiple applications. If this took a few days longer nobody could object. Brokers submitting applications could be required to specify the full names of the clients on whose behalf they were made and to make a declaration that the named clients actually had an account with the brokers. Enforcement of this might be made a matter for the Stock Exchange Council.

If it was recognised that multiple applications were likely to be found and rejected, *instead* of having an excellent chance of being undetected as at present, the practice of making them would stop and the volume of applications would be significantly reduced. The task of processing them (even allow*ing for computerisation) would* therefore be much smaller; and the ballot, which introduces such a large element of potentially profitable speculation, would become unnecessary. All cheques would be cashed and all *applicants* would *expect* to receive some shares.

J. D. Tunnicliffe.
100, High Street,
Great Abington, Cambridge.

Index-linked pensions

From the Chairman, Ashdown House Branch, Industry and Trade Section, Society of Civil and Public Servants

Sir,—It would seem from two of your correspondents (Messrs Sloan and Townsend—March 2) that many myths still remain especially about public sector index-linked pensions and civil service pensions.

At present civil servants' pay is reduced by 8½ per cent to help meet the cost of their retired colleagues' pensions. This is the highest contribution level in the public sector (and I suspect a large part of the private sector too) and covers *the complete* cost of index-linking and more than half the basic cost. In contrast with most other occupational schemes the Government, as an employer, does not even meet half the total cost of providing these pensions.

In 1981, sixty per cent of civil service pensions were under £20 a week and 75 per cent were less than £30 a week. In addition male civil servants, who normally retire at 60, are not able to receive a state pension until age 65 and are progressively prevented in the meantime from obtaining other *state* benefits if their pensions exceed £35 a week. In the circumstances this hardly seems to be a case of living in the lap of luxury.

Room 326, Ashdown House,
123, Victoria Street, SW1.

Fixing the price of gas

From the Chairman, National Gas Consumers' Council

Sir,—Government has in the past been tempted to freeze "sensitive" prices for a period before an election; and rumour has it that next year might be no *exception*, that gas prices might be frozen.

It has always been incomprehensible that a Government dedicated to the operation of market forces should dictate prices charged to consumers by British Gas Corporation, especially in light of the Government view that nationalised industries should behave more like independent private sector companies.

The Government claims, however, that the recent series of rises have brought gas prices up to their current economic level. If so, what would a freeze serve (in a time of inevitable rising costs) but to start another cycle of artificially *speeded*-up price increases in order to catch up on the lean year? Such increases would, presumably, begin to hit shortly after the Election and to repeat in the years ahead the pains already inflicted on gas consumers since 1980.

Smaller, slower price increases and price stability would be welcome always provided that prices relate to costs. It is too easy for BGC to overlook the need for self-analysis about costs and cost inefficiency, when the Government backs a policy of passing *costs* straight through into prices.

It also follows that NGCC is powerless to defend gas consumers in *the important area* of prices because these are dictated by Government. If pricing becomes the responsibility of BGC, we can get into the arena with a visible protagonist which would give us the chance *to analyse*, argue and negotiate fair but realistic pricing.

I wish I could welcome a freeze but it is no good sacrificing long-term stability to short-term popularity. When one catches up on a financial loss *after* a lean year, it is necessary to recoup more than the money lost by under-pricing. The under-pricing itself generates so many additional costs.

Sheila P. Black,
National Gas Consumers' Council,
Fifth Floor,
Estate House,
130, Jermyn Street, SW1.

Briefing on a Bill

From the Managing Director, Economic Planning, British Gas Corporation

Sir,—*As the official of* British Gas, who led the team briefing the standing committee of the House of Commons considering the Oil and Gas (Enterprise) Bill, I must correct the report which appeared on the front page on March 4.

The briefing meeting arose from an invitation which was *issued* to all members of the committee including the Secretary of State and other Ministers. Fifteen MPs attended, covering all parties represented on the committee.

The briefing was factual and was intended to give committee members an update on the present gas supply and demand position and on the policies and operating circumstances of British Gas. Where these matters bear on specific clauses in the Bill, these points were brought out.

In no way did this meeting, designed to support the members *of the committee in dealing* with this complex piece of legislation, justify your report that British Gas was rallying opposition to the Bill.

C. W. Brierley.
British Gas Corporation,
Rivermill House,
152, Grosvenor Road, SW1.

Fall in the dollar oil price

From Mr T. Rybczynski

Sir,—Your recent appraisal of, and comments on, the impact of the fall in the dollar price of oil exudes an air of almost unqualified euphoria. *While it is true that the* decline will impart an expansionary momentum to the world economy and will have a disinflationary effect on world prices, the inescapable fact is that because of an adverse movement in its terms of trade the UK will be worse off than oil- (and energy) importing countries. Although an adjustment in exchange rate can maintain total output on the path that would have been achieved if a decline in the dollar price of oil did not occur, total real income must be *smaller* than it would otherwise be.

Domestically the fall in the dollar oil price reduces the real income of oil producers, including the public sector whose revenues include those from levies and taxes on output and from the ownership of BNOC, and increases the real income of oil consumers. This also implies that any reflationary *stimulus* that may have been contemplated by the Government needs to be smaller; that because the public sector itself is also a consumer of oil its nominal spending (and real consumption and investment) should be reduced correspondingly and that consumption and invest*ment of other sectors should* be reduced as compared with the pre-oil-fall position.

T. M. Rybczynski.
21 Moorfields, EC2.

Poor post to Norway

From the Director of Public Relations, The Post Office

Sir,—The Post Office was sorry to learn that the London director of the Norwegian Chamber of Commerce is unhappy with the mail service from Norway to the UK (March 3). We are contacting him for more details to see where the problem may lie.

Certainly for several weeks mail to and from European countries, including Norway, has been delayed because of a dispute involving British Airways' loaders at Heathrow. No mail or cargo is being carried *on BA flights* and other *airlines* are being used where possible.

So far as printed matter is concerned, the Norwegian Post Office offers a cheap overland service, in addition to airmail. The time surface items take to arrive is reflected in the lower rates charged.

Alan Feinstein,
Post Office Headquarters,
St. Martins le Grand, EC1

Maxim's 'to keep casino licence'

Maxim's Casino Club looks set to keep its gaming licence. Pleasurama, the leisure group which is planning to buy the club for £4.6m when it acquires the holding company, Lydiashourne, has been informed by the Gaming Board that the objection to the renewal of the licence will be withdrawn.

An adjourned hearing of the licensing appeal, lodged by the Gaming Board, is due to be held on March 25.

In a letter to its shareholders outlining the terms of the Maxim's deal and the disposal of African Lion Safari, Pleasurama reveals that Lydiashourne's unaudited pre-tax profits for the nine months to January 3 amounted to £2.2m compared with £1m in the previous 12 months.

As indicated in the middle of last month, Pleasurama is acquiring Maxim's on a warranted profit basis, whereby the vendor will make up any shortfall in profits on an agreed annual target of £2.5m and both sides will split equally any surplus over that figure.

The deal is to be put to shareholders at an extraordinary meeting on March 25 when they will also be asked to vote for the disposal of the African Safari Park—which, confusingly, is based at Warragamba, New South Wales, Australia.

Pleasurama has decided that *Australian safari parks no longer* fit into the mainstream of its business and the operation is to be sold to a main board director, Mr Stafford Bullen, for £194,000 in cash.

A £41,000 loan outstanding from African Lion Safari will be discharged by cash payment. Mr Bullen will retire from the board at the annual meeting held immediately before the extraordinary meeting.

CRODA POLYMERS/ FARBICANA BEIT

Croda Polymers International has acquired—through its subsidiary Croda Inks Benelux BV Farbicana Beit Printing Ink Company.

Farbicana located near Eindhoven in Holland, will provide a manufacturing base and distribution centre for Croda Inks Benelux to extend its ink activities in Northern Europe. Far*bianca supplies inks for general* printwork and packaging, particularly of metal decorating inks to multi-national can manufacturers.

T. COWIE/SIMPLEX

Cowie Fire, Safety and Security (CFS and S), a wholly owned subsidiary of the T. Cowie group has acquired the business and staff formerly comprising the Simplex Fire Detection and Control division. CFS and S has also acquired the right to become the sole distributor of Simplex fire alarm detection and control systems products in the UK.

This diversification by the Cowie group into the fire alarm, detection and control field is in line with the group's policy to move further from the predominance of its motor interests within the group.

Platonoff reversed into Dhamai by Taddale Inv.

Taddale Investments has sold Platonoff and Harris, a specialist joinery business, to the former tea group, Dhamai Holdings, for 1.16m new Dhamai shares, 60 per cent of those now issued. The name of the enlarged group has been changed to P. H. Industrials.

Taddale is now bidding for the remaining 783,000 P H shares at 38.75p per share and has arranged to place any shares tendered. It is also placing 383,573 of its own shares, reducing its holding to 40 per cent.

Dhamai shares were suspended from trading at the company's request on November 19. Last dealings were at about 150p, prior to the subdivision of the £1 shares into 25p shares.

Platonoff has specialised since *the late 1960's in the* production and installation of joinery and metal and other fittings for shops, hotels, banks, offices and showrooms. It introduced a high impact PVC faced door and *frame, designed for places where* a high standard of hygiene is required and has supplied it to a number of hospitals.

It operates from a purpose built factory in Cambridge and has 45 employees. It was acquired by Taddale in May, 1979.

Turnover has grown from £0.5m in the year to January 8, 1977 to £1m in the year to April, 1981. In the first half of the current year, turnover was £0.6m. Profits before tax have ranged from £58,582 in 1976-77 to £27,310 in the year to April, 1979 and £158,827 in 1980-81.

Pre-tax profits in the first half of the current year were £92,245 and PH is forecasting a profit of not less than £261,000 for the full year.

Dhamai sold its tea assets in Bangladesh in 1976 and, at October 31, 1981, had net assets of £445,496, of which £193,154 were in Bangladesh. No remittances of profits have been received from Bangladesh in the past six years.

A pro-forma balance sheet of the enlarged group at October 31 shows net tangible assets of £638,414, long-term loans of £235,000 fixed assets of £686,953, net current assets of £92,907, and blocked assets in Bangladesh of £193,154.

The new directors intend to recomend a dividend of 3.5p per share for the year to April, 1982.

Brokers to the company are T. C. Coombs and Co., and Sternberg, Thomas Clarke and Co.

Dealings are to begin on Thursday.

● comment

The reverse takeover of a cash shell seems an unnecessarily cumbersome method of raising £½m for a small company now that the Unlisted Securities Market is well established, but perhaps Platonoff and Harris would not have been glamorous enough for the USM punters. One selling point, which the backers may not have wanted to emphasise, is the group's significant benefit from high unemployment. It seems that the DHSS has become P H's largest customer by far in recent months, accounting for 60 per cent of turnover, as secure screens have had to be fitted to its increasingly busy unemployment offices. P H is not particularly happy with this emphasis on one client and is expanding its capacity so it can widen the base. At the offer price, the prospective p/e is 6.05 and the yield 12.9 per cent, which probably leaves some room for appreciation. Existing minority shareholders may prefer to hang on rather than accept Taddale's bid. As for the Bangladesh assets, apparently the worst that can happen is that the group will get nothing out of them.

Metal Products expecting modest profit

For the half-year ended September 26 1981 Metal Products, Cork-based fasteners, non-ferrous product manufacturer, incurred a pre-tax loss of I£25,000, compared with a I£36,000 profit. Turnover was down from £1.91m to £1.5m.

The directors say the loss was not unexpected, as the order book was depressed at that time. Since August, however, economies have been effected, and there has been an improvement in sales, and if this trend continues to the end of the year, the company should make a *modest profit, they state.*

Pre-tax figure for the 1980/81 year was a loss of £7,376 (£270,112).

The company has continued to invest a limited amount of money in much-needed capital equipment which is beginning to improve productivity, the directors explain — the Industrial Development Authority has approved grants in respect of these investments.

Pre-tax figures for the half-year was after interest payable of £40,000 (£59,000) and depreciation, £29,800 (£28,000). The loss attributable was £25,000 (£46,000 profit), after an extraordinary credit of £10,000 last time — there was again no tax charge.

Loss per 25p share is given as 0.83p, compared with earnings of 1p.

BRUNNING GRP.

Brunning Group is proposing to repay the outstanding £51,827 of 8 per cent unsecured loan stock, 1989-94, at par plus accrued interest.

Close Brothers placing

Close Brothers Holdings, the small merchant bank, has arranged a private placing and £0.4m of the proceeds will be applied to increasing the capital base of its operating subsidiary, Close Brothers Ltd.

The placing has been taken up with three investment trusts within the F & C Group. As a *result, the shareholdings in* Close of the three, Foreign and Colonial Investment Trust, F & C Enterprise Trust and Alliance Investment, now aggregate 40 per cent.

London and Yorkshire Trust Holdings has 26.7 per cent, Safeguard Industrial Investments has 13.3 per cent and Close executives hold 20 per cent.

Hon J. J. Nelson, an F & C *executive, has been invited to* join the boards of Close Brothers Holdings and Close Brothers Ltd.

Silverthorne at £99,000 in first quarter

Metal finishing and consumer goods manufacturer Silverthorne Group turned in taxable profits of £99,000 for the quarter to December 31 1981, compared with £357,000 in the 12 months to September 27 1981. Turnover for the three months was £1.07m against £4.04m in the previous year.

The directors of this group, whose ultimate holding company is Eastern Produce (Holdings), point out that as already announced the year-end has been changed and the current accounting period ending on December 31 1982 will be for 15 months.

The next interim results and dividend will be for the nine months to June 30 1982.

Taxable profits were struck after interest received of £2,000 (£11,000 paid), and after tax of £27,000 (£31,000) *the stated* earnings per 10p share came out at 2.06p (7.59p).

London and Liverpool Trust acquisition

London and Liverpool Trust (LLT) exchanged contracts on March 4 for the acquisition of LOS Office Supplies, which distributes office equipment, stationery and office supplies in the Leicester area.

The consideration comprises £59,764 cash and the issue of 57,747 LLT ordinary 10p shares to the vendors. A further consideration of the issue of LLT shares worth £55,953 will be payable, if the LOS taxable profits for the year to July 31 1982 are £50,000. *If this figure* is not reached this further consideration will be reduced by £2 for every £1 shortfall.

JENKS & CATTELL

Jenks and Cattell is to redeem its 3.85 per cent cumulative preference shares at an effective price of 108.75p per share net of 3.75p ACT. The 10 per cent cumulative preference shares are not redeemable and will be unaffected.

Home Charm sales begin to recover

Despite the exceptionally bad weather at the beginning of the year, sales at Home Charm have now recovered and are showing a marginal improvement, says Mr H. E. Fogel, the chairman, in his annual statement.

He says it is too early, however, to make a forecast for the full year, but he is confident that the outlook for the new enlarged group is good.

As reported on March 3, pre-tax profits for the 52 weeks to January 2, 1982, jumped by 73 *per cent to £2.81m, compared* with £1.62m for the previous 53 weeks. Three new stores were opened during the year, increasing the company's retail selling area by 82,000 square feet to *1.08m square feet.*

A further five new stores are planned to open for trading in 1982, bringing another 100,000 square feet of selling space. This is in addition to the £14m Sankey Homecentres' acquisition.

Mr Fogel says the group's share incentive scheme for employees has proved a big success and many more members of the staff will become eligible to participate this year. Following the substantial increase in profits, £145,000 (£82,000) is being allocated to the scheme.

At the year-end, shareholders' funds were £11.82m (£9.46m). Fixed assets were little changed at £13.37m (£13.1m), and current assets were higher at £16.1m (£11.96m). Net current assets stood at £1.34m (£3.65m liabilities).

On a CCA basis pre-tax profits were £2.43m (£1.36m).

Meeting: Institute of Chartered Accountants, Copthall Avenue, EC, on March 29, at noon.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—AAH, Galliford, Parker-Knoll, George H. Scholes.

Finals—Allied International Designers, BTR, British Vita, Davies and Metcalfe, Greenfields Leisure, Invergordon Distillers, Isle of Man Enterprises, Jeavons Engineering.

FUTURE DATES

Interims:—	
Ayer Hitam Tin Dredging Malaysia	Mar. 9
Barratt Developments	Mar. 15
Bejam	Mar. 18
London and Strathclyde Trust	Mar. 9
New Central Witwatersrand	Apr. 9
Finals:—	
Babcock International	Mar. 31
Brent Chemicals International	Mar. 23
Cape Industries	Mar. 30
Gas and Oil Acreage	Mar. 12
Ibstock Johnsen	Apr. 2
Insurance Corp. of Ireland	Apr. 2
Martin-Black	Mar. 12
Molynx Holdings	Mar. 26
Sedgwick	Mar. 18
Silkolene Lubricants	Mar. 19
Waterford Glass	Mar. 23
Willis Faber	Mar. 23

LMP/MANCHESTER EXCHANGE BUILDINGS

LMP—a wholly-owned subsidiary of London and Manchester Securities—has announced that in respect of its offer for all the share capital of the Manchester Stock Exchange Buildings it has received acceptances for 91.25 per cent.

The offer remains open until further notice.

WHITTINGTON

Whittington Estates, a small diversified investment company, is in discussions which may lead to a property acquisition.

The company also reports that Limun Company has reduced its shareholding in the company from 17.24 to 11.5 per cent. Further details on the possible property purchase will be released in due course.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially published. It should be emphasised that dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year		Date	Announcement last year
APV	Mar 30	Final 8.2	LWT	Apr 2	Final 4.086
*Anglo American Gold	March 11	Final 600c	Ladbroke	Apr 2	Final 6.96
*Armstrong Equipment	Mar 24	Int. 0.55	*LASMO	Mar 23	Final 38.83
BBA	Mar 26	Final 0.9	Lead Inds	Apr 9	Final 5.56
*BICC	Mar 24	Final 6.4	Legal and General	Apr 1	Final 6.0
BSR	Mar 18	Final nil	*Lex Service	Mar 17	Final 4.2
*BTR	Mar 8	Final 5.5	London Brick	Apr 8	Final 2.632
*Babcock Intl	Mar 31	Final 3.6	*Low & Bonar	Mar 29	Final 9.5
Bank of Scotland	Apr 14	Final 9.5	Lucas Inds	Mar 26	Int. 2.6
*Barratt Devpmts	Mar 15	Int. 3.5	*Midland Bank	Mar 19	Final 14.0
Barrow Hepburn	Apr 15	Final 1.4	Mills and Allen Intl	Mar 20	Int. 5.0
*Bejam	Mar 18	Int. 1.25	Morgan Crucible	Apr 9	Final 3.0
Bell (A.)	Mar 25	Int. 2.332	News Intl	Mar 25	Int. 2.8365
Bestobell	Mar 25	Final 7.1	NEI	Apr 14	Final 2.5
*Brent Chems	Mar 23	Final 2.25	Ocean Transport	Mar 30	Final 4.7
*Bibby (J.)	Mar 16	Final 4.925	Peachey Prop	Mar 31	Final 1.5
Boddingtons Breweries	Mar 19	Final 1.6	Pearl Assurance	Apr 15	Final 13.0
Booker McConnell	Mar 31	Final 1.875	Phoenix Asce	Apr 1	Final 8.4
Bowater	Apr 9	Final 7.25	*Prudential	Mar 24	Final 7.0
*British Aluminium	Mar 10	Final 2.0	Reckitt and Colman	Apr 1	Final 5.0
*British Petroleum	Mar 15	Final 14.0	Reed (A.)	Apr 2	Final 2.46
*British Vita	Mar 8	Final 2.6	*Rio Tinto Zinc	Apr 15	Final 10.5
Brown Boveri Kent	Apr 10	Final 1.2	Rockware	Mar 25	Final 2.1
*Bunzl Pulp and Paper	Mar 31	Final 3.02	*Royal Dutch Petroleum	Mar 11	Final Fl 3.85
Burmah Oil	Apr 15	Final 5.0	Ruberoid	Apr 9	Final 2.65
*Cadbury Schweppes	Mar 11	Final 2.9	Rugby Prtlnd Cement	Apr 13	Final 2.5
*Cape Inds	Mar 30	Final 7.3	*Scottish Metropolitan	Apr 6	Int. 1.25
*Carrington Viyella	Feb 24	Final nil	*Sedgwick	Mar 18	Final 3.0
*Cement Roadstone	Mar 15	Final 3.23	Senior Eng	Apr 8	Final 0.75
Croda Intl	Apr 14	Final 2.254	*Shell Transpt	Mar 11	Final 10.5
*DRG	Mar 24	Final 3.0	Slough Ests	Mar 25	Final 1.66
*De Beers	Mar 9	Final 50c	Smith and Nephew	Mar 24	Final 2.6
*Ductile Steels	Mar 16	Int nil	Smiths Inds	Apr 14	Int. 3.7
Eagle Star	Mar 25	Final 5.5	*Staffs Potts	Mar 11	Int. nil
Expanded Metal	Apr 14	Final 2.5	Standard and Chartered	Apr 7	Final 20.5
Fairclough Constr	Mar 17	Final 2.85	*STC	Mar 12	Final 6.0
GRE	Apr 1	Final 9.5	*Steetley	Mar 18	Final 6.5
Gill and Duffus	Apr 8	Final 4.81	Sun Alliance	Apr 1	Final 18.0
Glaxo	Apr 13	Int 3.75	Taylor Woodrow	Apr 9	Final 10.157
Glynwed	Apr 8	Final 4.9	Tilling (T.)	Mar 18	Final 4.0
*Guest Keen	Mar 18	Final 4.0	*Transpt Dev	Mar 15	Final 2.8
*Guiness Peat	Mar 16	Int. 2.75	Tricentrol	Mar 19	Final 5.8
Hambro Life	Apr 14	Final 6.6	*Tube Invs	Mar 10	Final 2.5
Hawker Siddeley	Apr 15	Final 5.2	*Turner and Newall	Mar 17	Final 3.0
*Hepworth Ceramic	Mar 24	Final 4.286	*Utd Biscuits	Mar 11	Final 2.5
*Higgs and Hill	Apr 6	Final 2.8	Utd City Merchants	Mar 12	Int. 0.6
*Hongkong and Sh'ghai Bkg	Mar 9	Final HK$0.47	*Vickers	Mar 24	Final 7.45
*Jacobs (John I.)	Mar 17	Final 1.6	Weir	Apr 1	Final nil
Kleinwort Benson	Mar 26	Final 6.0	*Willis Faber	Mar 23	Final 8.2
			*Wolseley-Hughes	Mar 16	Int. 4.4
			*Woolworth (F. W.)	Mar 10	Final 3.569
			Yorkshire Chems	Apr 8	Final nil

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

Public Works Loan Board rates

Effective March 6

Years	Quota loans repaid by EIP†	A‡	at maturity§	Non-quota loans A* repaid by EIP†	A‡	at maturity§
Up to 5	14⅞	14¾	14¼	15⅝	15¾	15⅜
Over 5, up to 6	14½	14⅝	15¼	15½	15⅝	15⅝
Over 6, up to 7	14⅝	14¾	15	15½	15⅝	15⅜
Over 7, up to 8	14¾	14⅞	14⅞	15½	15⅝	15⅜
Over 8, up to 9	14⅞	15	15¾	15½	15⅝	15⅞
Over 9, up to 10	15	15⅛	14⅞	15⅜	15⅝	15⅜
Over 10, up to 15	15	14⅞	14⅞	15⅜	15⅝	15¼
Over 15, up to 25	14⅞	14⅞	14⅞	15¼	15⅛	15
Over 25	14⅞	14⅞	14⅞	15⅛	15	15

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

LOCAL AUTHORITY BOND TABLE

Authority (*telephone number in parentheses*)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Knowsley (051-548 6555)	14½	½-year	1,000	4-8
Rochford (0702 546366)	13¾	½-year	500	2-5

FT Share Information

The following securities have been added to the Share Information Service:

Asset Special Situations (Section: Investment Trusts).

Equipu (Industrials).

Tiber Resources (Oil and Gas).

SPAIN

1981 High	1981 Low		March 5 Price %
339	251	Banco Bilbao	335
380	280	Banco Central	354
320	229	Banco Exterior	310
330	239	Banco Hispano	322
128	110	Banco Ind. Cat.	110
383	284	Banco Santander	363
235	148	Banco Urquijo	227
382	263	Banco Vizcaya	372
252	203	Banco Zaragoza	239
176	82	Dragados	161
75	45	Espanola Zinc	65
72	56	Fecsa	59.5
55	22	Gal. Preciados	45
82.7	63.5	Hidrola	64
62.5	50	Iberduero	50.5
102.5	70	Petroleos	96
104	70	Petroliber	96
102	14	Sogefisa	14
80	60	Telefonica	72
78.2	60	Union Elect.	63.5

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

CREDITS

Bankers uncertain on margins for Southern Europe

ITALY'S ELECTRIC utility, ENEL has joined the long list of borrowers in Southern Europe waiting to float large credits in the Euromarket.

It is understood to have approached international banks about the possibility of raising an amount of up to $500m. Unlike some its previous borrowings the funds would be raised purely on a margin over Eurodollar rates rather than in the prime rate based sector of the market.

ENEL's last major borrowing was a C$500m, eight-year loan arranged last Autumn with a margin of ⅜ per cent over Canadian prime.

The big question bankers are now asking is what sort of margins are appropriate for a London interbank offered rate (Libor) deal.

There has been talk of upward pressure on margins right across southern Europe for some time, but with so many deals still pending no one is quite certain how well-founded such talk is.

Some indication could come this week as Spain is thought to be poised to award the mandate for a credit of around $500m. The loan seems likely to retain an element of ⅛ per cent in its margins partly because there are still a number of banks keen to lend to Spain.

The domestic market itself has also become very competitive recently with Spanish railways, Renfe, reportedly paying a margin of only ⅜ per cent over Madrid interbank rates for its latest 5bn peseta, seven-year deal. This is a very sharp drop on levels seen even a few months ago.

Greece, whose $400m mandate is also close, does not offer similar ancillary business; nor does Portugal which bankers now say appears most unlikely to manage a ⅜ element in its margins.

Indeed the Portuguese authorities appear to have recognised that they do face more of a lenders' market and are understood to have been considering dividing their proposed credit into a package involving the use of the bond market to reduce their recourse to the Eurocredit financing.

Widespread rumours of a new jumbo credit for Belgium are at best premature. Belgian officials say they have not asked banks to consider such a deal and will continue for the time being with their policy of raising small discreet loans on a club or bilateral basis.

Typically these credits are for amounts of up to $100m over five to seven years at margins of ⅜-½ points over Libor, which could not easily be sustained in open market syndication of a jumbo credit.

In Latin America, the $2bn credit for Pemex has done well enough in syndication to open the possibility of an eventual increase in amount, though this will only be considered seriously when syndication closes on Wednesday.

As of last Friday the credit had attracted 29 lead managers as well as more than $350m in commitments from managers and other participants. More funds were expected to be committed from Japanese banks.

The credit has withstood the traumas of the Mexican devaluation partly because Pemex revenues are mainly in foreign exchange and thus unaffected by the lower value of the peso.

The $200m mandate for Argentina's electric utility SEGBA was confirmed last week as involving a split margin of 1⅛-1¼ over eight years with repayments starting after three years' grace. Fees total 1⅛ per cent compared with 1¼ per cent on the recent borrowing by the oil company YPF.

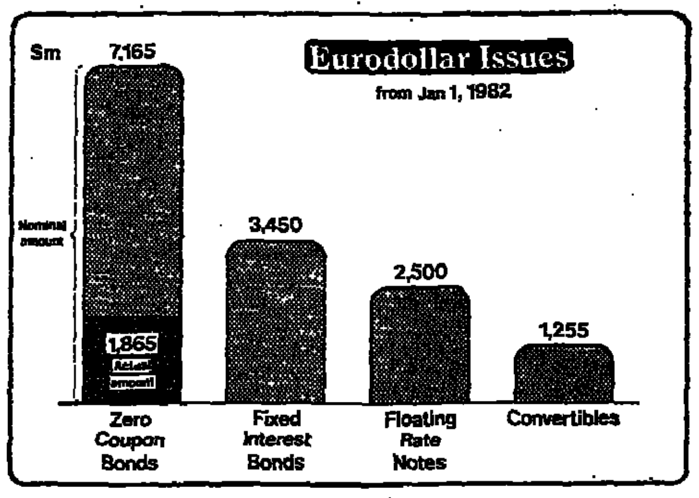
SEGBA had hoped to offer an alternative prime tranche ⅛ per cent below the Libor margins but this has been whittled down to ⅛ per cent by the lead banks who include Arab Banking Corporation, Bank of Tokyo, Bank of Yokohama, CCF, Gulf International, and Yasuda Trust.

Romania has now asked banks to reschedule over 6½ years 80 per cent of debts falling due this year and last, while Poland has been set a new target date of March 26 by which time interest still outstanding from 1981 should be made good.

Peter Montagnan

INTERNATIONAL BONDS

Euromarket debut for Ma Bell



MA BELL came to town last week and she made her Euromarket debut with one of the most aggressively-priced deals ever seen.

Credit Suisse First Boston's $400m seven-year offer for American Telephone and Telegraph carried a heart-stopping 14½ per cent coupon indication. Investors from London to Zurich stepped back for a moment, stared at the coupon—a full 100 basis points below the World Bank's newest issue—and then started filing their buying orders.

How is the issue selling? Why did AT and T choose this moment to arrive in Europe? Are investors getting a fair deal? The answers to these questions suggest a slickly-planned offering, a carefully-timed appearance and a pricing package which pushes investor psychology to the limit.

The $400m of AT and T paper is said to have sold out on Friday; the pricing is scheduled for tomorrow but could be brought forward to today. The design of the paper looks tailor-made for European fund managers and Swiss retail investors. There are few things big institutions like better than top-quality U.S. corporate paper with a maturity of seven to 10 years. Many of the large institutions don't mind giving up a little on the coupon if they get an appropriate U.S. name and maturity.

Why had AT and T not come to the Euromarket before? Larry Prendergast, AT and T's assistant treasurer, explained: "We have not assessed the Euromarket in the past because up until a year and a half ago it wasn't there in terms of size or maturity. The rate advantage wasn't there either."

The usual U.S. size of the group's bond offerings is $300m to $600m. The AT and T parent company has issued 10-year notes, but most of the telephone company's borrowings are 30- to 40-year maturities.

Most important, however, is the cheaper cost of borrowing in the Euromarket. The yield on existing 30-year Bell bonds in the States is 15.75 per cent. If one adjusts for the much longer maturity (deducting ½ per cent) and the fact that these are seasoned issues (another ¼ per cent), there could still be a 50 basis point spread between the U.S. and European yields.

That makes 14½ per cent at par (the price many market participants expect) cheap for the borrower.

If the orders keep coming in the managers may choose to make the deal look even better by increasing the issue above $400m. And a successful debut for the meanest borrower in the market will stand it in good stead when it next decides to beat the high cost of North American funds with some more of its planned $4bn to $4.5bn 1982 external financing.

AT & T's journey to the Eurobond market was helped last week by the signs of a sustained, but not a runaway rally. Prices of fixed-interest paper in the Eurodollar sector rose by more than two points on the week, by ¼ to ½ point in the Euro D-Mark sector and by ⅜ to ¾ points in the Swiss franc foreign bond market.

Strong buying demand for the AT &T paper came in with offers of a 1¼ per cent discount.

Last week was a good one for others as well. Burroughs saw its well-managed $50m 15¾ per cent bonds priced at 100⅜ and trade at around the issue price on Friday. This deal was certainly among the best of the $1.86bn of new fixed-interest paper launched over the past fortnight (see chart).

In other parts of the Euromarket, activity has also been brisk. Last week saw a significant rise in trading activity in the Eurosterling sector. By Friday some traders were speculating that the surge could be a harbinger of new Eurosterling offerings.

In the zero coupon sector the bottom fell out temporarily when word reached Europe that the Japanese Ministry of Finance had halted the purchase of zero coupon bonds by Japanese investors. Prices fell dramatically at mid-week, with some issues losing up to 10 per cent of their relatively small prices.

Bargain-hunters and Continental investors moved in on Thursday and Friday, bringing zero coupon prices back up and leaving some in the market wondering how important the Japanese were after all.

Alan Friedman

BANK LENDING

Developing countries face tougher terms

DEVELOPING COUNTRIES did quite well in the 1970s as far as bank borrowing is concerned. Their total debt rose by an average 23 per cent a year, and the share of private debt rose from just under half the total in 1970 to nearly two-thirds by 1980. Will they continue to do so well in the new decade?

Definitely not, according to a study recently released by Bankers Trust, the large New York bank, which predicts that banks will be much tougher on their existing debtors and more selective in their new lending.

The study, prepared by the bank's international economists headed by Mr Larry Brainard, predicts that a combination of persistent high "real" rates of interest and economic stagnation will hurt the external financing position of many developing countries. The lending banks will, in turn, harden their terms, and the international capital markets will force developing countries to put their house in order if they want to preserve access to those markets.

The study traces this new wariness on the part of the banks to several causes.

One is the growing concentration of lending to developing countries. During the last three years, the exposure of the nine largest U.S. banks to non-oil developing countries rose from 231 per cent to 276 per cent of their capital.

Mr Brainard and his team think banks will try to bring the pace of this lending more in line with their underlying capital growth, which suggests that loans will grow by about 10-12 per cent a year, judging by recent trends.

The study predicts that the IMF will have to play a bigger role in forcing financial discipline on borrowers, as it did successfully in two recent problem cases: Turkey and Sri Lanka. Some countries are able to do this by themselves, such as Brazil, which actually cut economic growth in 1981 in an effort to get the better of its enormous debts.

Mr Brainard believes all this implies that tougher times lie ahead for borrowers, together with a widening of the gap between rich and poor countries. Although political strains could ensue, Mr Brainard argues that the trend is a necessary and healthy one.

"Countries which show hesitancy or inability to address their problems are places where we will not seek to increase our lending," he writes. "In an era of high interest rates the countries that get rewarded are those who can turn over capital faster than others. I hope we shall see a return to some degree of sanity and more realistic spreads in international lending."

David Lascelles

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
Amada§‡	30	1997	15	5½	100	Nippon Kangyo, Schroder Wagg, Nomura Intl., Dai-Ichi Kangyo	5.500
Occidental Petrol.‡	75	1987	5	16¾	100	SBC Intl., Dean Witter Reynolds	16.750
Fujikura Cable§‡	15	1997	15	6	100	Nomura Intl.	6.000
Burroughs Corp.‡	50	1988	6	15¾	100⅜	Kidder Peabody Intl.	15.582
Best Denki Co.§‡	15	1997	15	5⅞	100	Nikko Secs., Wardley	5.875
Swed. Export Credit‡	100	1989	7	15¼	100	Morgan Stanley, Bank of America, CSFB	15.250
City of Montreal‡	100	1992	10	15¾	100	Societe Generale	15.750
A. T. & T.	400	1989	7	*	*	CSFB	*
TransCanada Pipelines	100	1992	8.8	*	*	UBS Secs., Salomon Bros.	*
Credit Agricole†‡	200	1997	15	5¼Φ	100	Morgan Stanley, Goldman Sachs	5.250Φ
IADB‡	55	1987	5	15⅛	100	Salomon Bros.	15.125
Philippine Devt. Bank†‡	30	1990	7.3	6½Φ	100	*Lloyds Bank Intl.*	6.500Φ
Ireland†	100	1989	*	*	100	Nordic Bank, Dai-Ichi Kangyo	*
CANADIAN DOLLARS							
Hydro-Quebec‡	50	1989	7	16½	100	*Merrill Lynch*	16.500
D-MARKS							
Spanish Telephones‡	100	1992	10	10½	100	Dresdner Bank	10.500
Nafinsa‡	150	1990	8	11	100	Dresdner Bank	11.000
Ferrovie	150	1987	5	10¼	*	Commerzbank	*
Gaz de France	100	1992	10	9¾	*	West LB	*
SWISS FRANCS							
Amada**§‡	50	1987	—	6¼	100	UBS	6.250
SCN‡	80	1992	—	8	100	CS	8.000
Mitsubishi Mining**§‡	40	1987	—	5⅝	100	CS	5.625
Swed. Export Credit	55	1992	—	*	*	Soditic, Chase Man. Bank (Suisse), Morgan Stanley SA	*
Occidental Petroleum	100	1992	—	*	*	SBC	*
Australia**‡	300	1988	—	7¼	100	UBS	7.250
GMAC Ovs. Fin.**‡	150	1988	—	7¼	100	UBS	7.250
Crown Zellerbach**‡	50	1988	—	7⅜	100	UBS	7.375
YEN							
World Bank‡	20bn	1992	10	8⅜	100	Daiwa Secs.	8.375
Asian Devt. Bank‡	20bn	1994	12	8.2	99.65	Nomura Secs.	8.247
Japan Devt. Bank	12.5bn	1987	5	*	*	Nomura Secs., Morgan Guar.	*
EIB‡	20bn	1992	9	8.2	99.5	Daiwa Secs.	8.446

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. Φ Minimum. § Convertible. †† Registered with U.S. Securities and Exchange Commission. Note: Yields are calculated on AIBD basis.

U.S. BONDS

Economic weakness suggests further decline in rates

U.S. INTEREST rates are likely to show further declines this week, including possibly a cut in the prime rate.

The optimism in Wall Street's credit markets is buoyed by a clutch of bullish factors, not all of them specially encouraging for the world at large, but good enough for bond dealers who are looking above all for signs of deflation.

One is the persistent weakness of the economy. With unemployment back up to 8.8 per cent and no indication of a pick-up in economic activity, the chances of a sudden rebound in credit demand seems increasingly remote.

The market's growing confidence was bolstered by last Friday's money supply figures which showed a sharp and welcome fall of $3bn in M1. Aside from wiping out the last vestiges of the uncomfortable bulge that developed in January and February, this decline puts M1 for the first time this year within the range that Mr Paul Volcker, the Fed chairman, says he is prepared to tolerate. This rate is slightly higher than the Fed originally wanted, but it was raised to accommodate the bulge.

For the time being, the Treasury has also found itself with enough cash in hand to avoid having to come to the credit markets for much more than routine requirements. The cause appears to be a windfall in budget receipts, though for what reason is a matter of some debate.

The surfeit of cash is likely to be temporary. But Wall Street has taken heart from another unusual predicament in which the Treasury finds itself. With its last bond sale in February, the administration exhausted its authority to sell long-term debt and will have to ask Congress for new authority for its next bond sale. The chances are that Congress will use this opportunity to try and force the Administration to curtail its spending or take other steps to improve the budget balance. Whatever the outcome, the confrontation contains the chance that the next Treasury bond sale will be delayed, giving the market a bit of a breathing space.

The three-week-long rally in the credit markets has pushed bond prices up between five and 10 per cent, and brought money market interest rates down by two to three per cent. The Fed funds rate suffered some upward pressure, though, putting a slight constraint on an otherwise eager market. Certificates of Deposit, which usually determine changes in the prime rate, fell below 14 per cent by the end of last week, suggesting that banks could comfortably bring the prime down ½ per cent or so from its present level of 16½ per cent.

Aside from bringing some welcome relief to America's tightly squeezed borrowers, such a cut would be a political boon to President Reagan whose embattled position over the budget has even provoked his normally loyal captains of industry to break ranks and appeal to him to show more flexibility.

The strength of the bond market has produced the expected stirrings from would-be borrowers keen to take advantage of lower costs. IBM Credit, the finance arm of the computer company, filed plans for an unusual three-year extendable note. Investors will have the option to extend the notes for an additional three years in 1985, 1988 and 1991 on the basis of yields to be set at each of those dates. The notes, of which $100m are being offered, are a variation on the floating rate note and are being managed by Salomon Brothers and First Boston.

Despite the sudden obstacle thrown in the way of the original issue discount bond market by the Japanese Finance Ministry, Union Pacific last week sold $200m worth. With a coupon of 6 per cent, they were priced at 57.42 to yield 14.07 per cent to maturity in 1992, and moved well.

David Lascelles

U.S. INTEREST RATES (%)

	Week to Mar 5	Week to Feb 26
Fed. funds wkly. av.	14.61	13.27
3-month Treas. bills	12.08	12.58
3-month CD	13.80	14.20
30-year Treas. bonds	13.24	13.72
AAA Util.*	15.75	16.12
AA Industrial	15.00	15.50

Source: Salomon Brothers (estimates). In the week to February 24 M1 fell $3bn to a seasonally adjusted $444.6bn.

Johannesburg shares hit by slump in gold price

BY CHRIS WILSON IN JOHANNESBURG

THE PAST three weeks have been a time of reckoning for the optimists who until recently had believed that Johannesburg share prices were firmly based. All the logic which late last year and early this had been used to prove industrial share prices could not fall, has been swept away by the wave of selling which reached a peak last Friday.

Over the past 15 trading days the Rand Daily Mail 100 index of industrial shares has fallen by 12.9 per cent to 618.4 having reached an all time high of 711.7 on January 8 this year.

At the same time, and tracking last week's gold price declines, the Rand Daily Mail gold index dropped to 433.0 on Friday, a point it last crossed going in the other direction in November 1979. On the last day of trading before Christmas 1981, the gold index was 600.8.

At the end of last week the general feeling among Johannesburg stockbrokers was that the fall had not been completed. They pointed out that the decline had been accompanied by a surge of selling which had lifted the stock exchange turnover to Rand 17.46m, its highest level since last June. Since the start of this year daily turnover has fluctuated between Rand 3.5m and Rand 12.4m.

Behind the change in investors' sentiments is the gold fall of the past few weeks. Last year the gold price dropped from almost $600 an ounce to little more than $400 an ounce: This month it has tumbled further, falling by around $20 to $343.

At the same time, recent fiscal moves are adding to the price constraints. The South African authorities have now taken internal measures aimed at maintaining the Rand's value as a means of combating inflation. This implies that Rand denominated gold prices received by the mines will now more closely match world market prices.

With lower gold prices the mining industry will make substantially lower tax payments this year and it is widely expected that tax increases elsewhere will form a major part of the national budget to be presented on March 24. General Sales Tax has been increased from 4 per cent to 5 per cent following an earlier tightening of credit.

All this has further added to the pessimistic profit forecasts being made by industrialists and retailers whose earnings are already showing signs of strain. Interest rates have moved sharply higher in the past two weeks with the prime lending rate increasing from 17 per cent to 20 per cent.

It had been widely expected that corporate earnings growth would simply slow this year. Now, economists and stockbrokers point to the possibility that 1982 will result in profit decline for many of South Africa's industrial sectors as well as for the all-important gold mining industry.

The reversal in fortunes is something new for South African investors who in recent years have grown used to continuous strong profit growth.

Finance for U.S. genetic engineer

By David Fishlock

BETHESDA Research Laboratories (BRL), the troubled U.S. biotechnology company, which recently announced a major cutback in staff, has obtained the first $1m tranche of "bridge" financing, through New York investment bankers, F. Eberstadt.

BRL was one of the first of a large crop of biotechnology companies seeking to exploit recent advances in genetic engineering. Its policy was to finance its own research out of sales of the special reagents and instruments needed by genetic engineering researchers.

But BRL's rapid expansion last summer left it with losses running at an estimated $1m a month by the end of last year. It has since reduced staff from 490 to 300 and brought in a new chairman, Mr Frederick Adler, a New York venture capitalist who has a reputation as "company doctor" for high technology companies.

Heineken stages strong recovery

BY OUR FINANCIAL STAFF

HEINEKEN, the major Dutch brewer, has increased 1981 net profits to Fls 120.4m ($48m) from Fls 83.1m in 1980.

The result puts earnings back to within close range of the Fls 125.7m achieved for 1979 and represents an impressive revival from the depressed profits of 1980.

In that year Heineken, whose share of the Dutch beer market extends to more than 50 per cent, was hit hard by a combination of poor summer weather and price controls.

Sales last year rose by 12 per cent to Fls 3.6bn. The dividend is being held at Fls 3.50 a share following a final payment of Fls 2.

As well as brewing, Heineken has major interests in soft drinks and spirits. A year ago it acquired a 20 per cent shareholding Tomatin Distillers, the Scottish malt distiller.

Foreign sales make up something like two-thirds of group turnover. Heineken is the biggest beer importer to the U.S.

Euroc steps up dividend

BY WILLIAM DULLFORCE IN STOCKHOLM

EUROC, the Swedish building materials and industrial group, surpassed its earnings forecast last year by raising pre-tax profit from SKr 105m in 1980 to SKr 171m ($29.7m). Sales climbed by 8.6 per cent to just under SKr 4bn, of which 46 per cent, against 43 per cent, was effected outside Sweden.

The net adjusted return per share is reported to be SKr 24.70 against SKr 15.10 in the previous year, and the board recommends a SKr 1 increase in dividend to SKr 9.

The directors are also proposing to raise capital by SKr 69m to SKr 415m through a one-for-five rights issue at SKr 100 a share.

INTERNATIONAL APPOINTMENTS

Senior posts at Fluor Corporation

● FLUOR CORPORATION has made the following senior management changes: Mr Buck Mickel has been named chairman of the engineering and construction group. He continues as chairman and president of Daniel International Corporation, a Fluor subsidiary since 1977. Mr John C. Duncan becomes chairman of the natural resources group. He continues as chairman of St Joe Minerals Corporation, which was acquired by Fluor Corporation last year. Mr H. Leon Shackelford has been promoted from senior vice-president to president of Fluor Distribution Companies, Inc. Mr J. Robert Fluor II has been promoted from executive vice-president to president of Fluor Drilling Services Inc. Mr Ross A. McClintock, former president of Fluor Drilling Services, has been appointed chairman of that subsidiary. Mr John K. Pike moves from president to chairman of Fluor Distribution Companies.

● SYSTEM INDUSTRIES INC., Milpitas, Calif., has elected Mr Harold O. Shattuck as president and chief executive officer. He succeeds Mr Edwin V. W. Zschau, who founded the company in 1968, and who is leaving active management to run for the U.S. House of Representatives. Mr Zschau will remain on the board of System Industries as its chairman. Mr Shattuck comes from Amdahl Corp., where he was senior vice president, operations.

● Mr Mark S. Coran has been appointed vice-president controller of the manufacturing division of PRATT AND WHITNEY, East Hartford, Conn. He was director of operations and financial planning for the Pratt and Whitney Group.

● Mr Lawrence J. Whalen has been elected a corporate vice-president of MEDTRONIC, INC., Minneapolis. He has responsibility for the new businesses group, which consists of three operating divisions: medical data systems, neuro division and Medtronic Blood Systems, Inc. In addition, he is responsible for the drug administration systems and applied concepts research activities.

● FRITZSCHE DODGE AND OLCOTT INC., New York, creators of fragrances, flavours, aroma chemicals and essential oils in the BASF Group, has appointed Mr Hans J. H. Reinack a president from April 1. He succeeds Mr Arthur J. Hemminger, who is retiring. Mr Hemminger will continue as a member of the board and as a consultant. Mr Reinack has been with BASF for 28 years, mostly in international operations where he has served as managing director of BASF Peru, president of BASF Argentina and president of BASF Brasileira, one of the largest companies in the group.

Mr Hans J. H. Reinack

● Mr I. M. Sweatman has been appointed to the BANK OF MONTREAL as executive vice-president and general manager, international banking group. He was previously a senior executive with the Barclays Banking Group. Born and educated in England he joined the Barclays group in 1972 in South Africa where he started what is now Barclays National Bank international and, where, in 1975 he became managing director of Barclays Western Bank. In 1978 he moved to Barclays Bank International in London, then in New York where he was an executive vice-president at the headquarters of BBI's North American operations. Appointed senior vice-president and deputy general manager, international banking group is Mr Matthew W. Barrett. Both Mr Sweatman and Mr Barrett will be based in Montreal.

● Three vice-presidents have been named by CHEMTEX, INC., New York, in a restructuring of its marketing department. Mr Pedro T. Losa becomes vice-president of sales; Mr Rogih Yazgi has been made vice-president and general counsel; and Mr Robert M. Dillon has been appointed vice-president of marketing.

● Mr Mostyn Lloyd, president and chief executive officer, Barclays Bank of Canada, has been appointed president and chief executive officer of BARCLAYS BANK OF CALIFORNIA. Mr Geoffrey Farrar will succeed Mr Lloyd as president and chief executive officer, Barclays Bank of Canada. He is at present executive vice-president and director. Mr Michael Wood, an international finance director, international finance division, Barclays Bank International head office, London, has been appointed executive vice-president and director of Barclays Bank of Canada in place of Mr Farrar. All three appointments take effect in the summer.

● HARRIS CORPORATION has appointed Mr Phillip W. Farmer, a former general Electric executive, to head its defence-oriented electronics division on Long Island, New York, and has named the former division manager, Mr Thomas H. O'Brien, to a newly-created post in Washington. The electronics division is the U.S. Navy's prime supplier of computer-controlled testing systems for the electronic equipment aboard carrier-based and shore-based naval aircraft. Mr O'Brien's post is vice-president-advanced programmes for the government systems group of Harris.

● Mr Alastair L. Robinson has been named president and chief operating officer of BARCLAYS AMERICAN CORPORATION, Charlotte, NC. Barclays Bank International seconded Mr Robinson to Barclays American Corporation in April 1981. He was at the time elected to the board and named chairman of the executive committee.

● Mr Timothy E. Summerfield, vice-president of CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, has been named chief foreign exchange dealer for Continental Bank International (CBI), New York, from April 15. CBI is a wholly-owned subsidiary of Continental Bank. Mr Summerfield, who has previously been chief foreign exchange trader for the London branch joint Continental Bank in 1965. Mr David McMenamin, second vice-president, will succeed Mr Summerfield as chief foreign exchange trader in London.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anheuser-Busch 16½ 88	100	103¾	104¼	+0⅜	+1⅛	16.43
APS Fin. Co. 17½ 86	60	105⅝	106¼	+0⅝	+1¼	15.25
APS Fin. Co. 16⅛ 89	75	102½	103	+0¼	+2	15.55
Armco O/S Fin. 15⅛ 86	50	99¾	100¼	0	+0⅝	15.31
Bank Montreal 16½ 91	150	103½	103⅞	+0⅜	+2¼	15.46
Br. Colum. Hyd. 16⅝ 88	100	103¾	104¼	+0⅜	+1⅜	15.19
Br. Colum. Mla. 17 97	54	103¾	104¼	0	+0⅛	16.23
Can. Nat. Rail 14⅝ 91	100	96¾	97¼	+0⅛	+1⅞	15.19
Caterpillar Fin. 16½ 86	100	104	104½	+0⅞	+1⅛	15.08
CFMP 16¾ 96	100	102⅛	102⅝	+0¼	+0⅛	16.27
CIBC 16¾ 91	100	104¾	105¼	+0¼	+1⅞	15.65
Citicorp O/S 16¾ 86	150	103⅝	104⅛	-0¼	+0¾	15.42
Cities Service 17 88	150	105½	106	+0¼	+1⅞	15.46
Cons.-Bathurst 17½ 88	60	102⅝	103⅛	-0⅛	0	16.68
Dupont O/S 14½ 88	400	99⅜	99⅞	+0⅛	+1⅛	14.55
Dupont O/S Cap. 0.0 90	300	35	35½	-0⅛	+0¾	14.03
EIB 16⅜ 91	100	104½	105	+0⅛	+2	15.71
Gen. Elec. Credit 0.0 92	400	28⅞	29⅜	+0⅛	-0⅛	13.06
Gen. Elec. Credit 0.0 93	400	25⅞	26½	0	-0⅜	12.60
GMAC O/S Fin. 16½ 84	300	101⅝	102⅛	-0⅛	+0½	15.46
GMAC O/S Fin. 16 88	150	99⅝	100⅛	+0½	+1⅝	16.02
Gulf States O/S 17½ 88	60	104⅞	105⅜	+0⅛	+1	16.10
Japan Airlines 15⅛ 88	50	100⅝	100⅞	+0⅛	+0¼	15.05
Nat. Bk. Canada 16½ 88	40	100⅞	101⅝	+0⅛	+0⅛	16.81
Nat. West 14¾ 91	100	98⅝	99⅛	+0⅛	+1⅜	14.94
New Brunswick 17 88	60	106¾	107¼	+0⅜	+1⅝	15.17
New & Lab. Hy. 17¼ 89	75	104⅜	104⅞	+0⅛	+0½	16.10
Ohio Edison Fin. 17½ 88	75	105¾	106¼	+0¼	+1½	15.89
OKG 15¾ 97	50	98⅜	98⅞	0	+0⅛	15.95
Ontario Hyd. 16 91 (N)	200	103⅞	104⅜	+0⅜	+1⅞	15.12
Pac Gas & El. 15¾ 89	80	101¾	102¼	+0¼	+1⅜	15.23
J. C. Penney Gl. 0.0 92	350	20¾	21¼	0	+0⅜	11.67
Quebec Hydro 17¼ 91	150	107⅝	108⅛	+0⅜	+1⅞	15.56
Quebec Prov. 15¼ 89	150	97⅞	98⅜	+0⅛	+1⅞	15.64
Saskatchewan 16⅛ 88	100	102⅜	102⅞	-0⅛	+0⅛	15.56
Statsforetag 15¾ 87	50	99⅝	100⅛	+0¼	+1⅜	15.75
Sweden 14½ 88	150	95½	96	+0⅛	+1⅜	15.51
Swed. Ex. Cred. 16½ 93	75	101¼	101¾	0	+0⅛	16.16
Texas Eastern 15⅞ 88	75	100	100½	0	+1	15.76
Transcanada 17¾ 88	75	107	107½	+0⅛	+0½	15.81
Transcanada 16 89	100	98⅞	99⅜	0	+0⅛	16.15
Winnipeg 17 86	50	105⅞	106⅛	+0¼	+1½	15.02
WMC Fin. 15½ 88	50	96¾	97¼	0	+0⅛	16.24
World Bank 16½ 86	130	104⅜	104⅞	+0⅛	+1⅛	14.94
World Bank 16⅝ 88	100	104⅜	104⅞	+0⅛	+1⅜	15.26

Average price changes... On day +0⅛ on week +1

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 9⅛ 91	300	98⅞	99⅜	+0¼	+0¼	9.50
Belgelectric 11 91	100	101⅛	101⅝	-0¼	-0¼	10.74
CECA 10 91	120	101⅜	101⅞	-0⅛	+0⅜	9.74
Coun. of Europe 10 91	100	100⅜	100⅞	-0⅛	+0⅝	9.91
Coun. of Europe 10⅛ 91	100	101⅞	102¼	-0⅛	+0⅜	9.92
EEC 10⅜ 93	100	100⅞	101⅛	0	+0⅝	9.94
EIB 10½ 91	200	102¾	103½	0	+0⅛	9.96
EIB 9¾ 88	60	99¼	99¾	0	+0⅛	9.84
Finland, Rep. of 10½ 86	100	100¾	101½	+0⅛	+0⅛	10.15
Inter-American 10 91	100	101⅞	102⅜	+1	+1½	9.66
Inter-American 10⅛ 91	100	101½	102¼	+0⅛	+0⅞	9.92
Ireland 10⅛ 86	100	100¼	100¾	+0¼	+0½	9.97
Mexico 11 88	100	100⅜	100⅝	-0½	+0⅛	10.87
Midland Int. Fin. 8½ 90	180	93⅞	94⅜	+0⅛	+0⅛	9.54
Mt. Bk. Dnmk. 10½ 91	100	100⅜	100⅞	+0⅛	+0⅛	10.40
Nat. West. 9⅞ 92	100	100½	101	0	+0⅜	9.74
New Zealand 9¾ 89	200	100⅜	101½	0	+0⅜	9.52
OKB 10⅛ 91	150	100⅞	101⅜	+0⅛	+0½	9.94
OKB 9¾ 86	150	99¼	99¾	0	+0⅛	9.84
Quebec Hydro 10⅛ 91	150	101⅞	102⅜	+0½	0	9.89
Swed. Ex. Cred. 10⅛ 91	100	99⅝	100⅛	+0¼	+0⅛	10.27
Venezuela 11½ 91	100	99⅞	100⅜	-0⅛	0	11.46
World Bank 10 91	250	100⅜	100⅞	-2	-1⅛	9.86

Average price changes... On day -0⅛ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Ansett Transport 7½ 92	50	101¾	102	+0¼	+0⅝	7.22
Asian Dev. Bank 8 90	80	102⅜	102⅝	+0¼	+0⅛	7.59
Australia 6¾ 93	100	102½	103	+1	+1½	6.41
Belgelectric 7½ 91	80	99¾	100	-0¼	-0½	7.51
Bell Canada 7¼ 93	100	103¾	104	+0½	+0⅜	6.76
Bat. de Autopistas 8 90	50	99⅞	100⅜	+0⅝	+1	7.99
Denmark 7¼ 91	100	97⅜	97⅝	0	+0⅛	7.61
Dome Petroleum 7¼ 90	100	101¼	101½	+0⅛	-0⅞	7.02
EIB 7¼ 92	100	99⅞	100⅛	+0⅛	+1⅛	7.25
Elet. de France 7 92	100	99½	99¾	+0⅝	+1⅜	7.05
ENEL 8 92	44	†100	100½	+0⅛	+1¼	7.96
Genstar 7 91	100	101	101¼	+0¼	+0⅝	6.83
I/S Elsam 8½ 91	60	104	104¼	0	+1½	7.86
Japan Air Lines 7¼ 91	100	104	104¼	+1	+2	6.65
Neder. Gasunie 8 91	100	106¾	107	+0⅜	+0½	6.99
Nippon T. and T. 6⅝ 92	100	101½	101¾	+0⅝	+1⅜	6.45
OKB 7¼ 91	100	99⅛	99⅜	+0½	+0½	7.35
Oslo, City of 8 91	100	104⅞	105⅛	+0¾	+0¼	7.25
Ost. Donaukraft 7 92	100	99¼	99½	+0⅞	+1⅜	7.09
Saint Etienne 8½ 91	20	104½	104¾	-0⅛	0	7.79
Swed. Ex. Cred. 7¼ 91	75	96¾	97	+0⅞	+0½	7.74
TNT O/S Fin. 8 91	60	104¼	104½	+0½	+1⅛	7.35
Transcanada Pipe. 7 94	100	101¾	102	+0⅛	+1	6.76
Unilever NV 7½ 93	100	105½	106	+0½	+1	6.77
World Bank 7 90	100	99⅝	99⅞	0	+0⅛	7.12
World Bank 8 91	100	104⅜	104⅝	0	-0⅜	7.32

Average price changes... On day +0⅜ on week +0⅝

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8¾ 91	15	99⅝	100⅛	0	+0⅛	8.30
Australia 8½ 88	20	91⅞	92⅜	0	+0⅛	8.27
EIB 7¾ 89	12	98½	99½	0	+0⅛	7.92
Finland, Rep. of 8⅝ 87	15	99⅝	100⅛	+0⅛	0	8.45
Int.-Amer. Dev. 8⅞ 91	15	101¾	102¾	0	+0⅛	8.51
New Zealand 8⅛ 87	15	99⅞	100⅞	0	+0⅛	8.27

Average price changes... On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Can. Utilities 17 86 C$	50	†98	98½	+0¼	-0⅛	17.29
CIBC 15¾ 89 C$	75	†95¼	95¾	+0½	+0⅛	16.87
Pancanadian 16½ 88 C$	65	†97¼	97¾	+0¼	+0⅛	17.09
Quebec 17½ 87 C$	50	†102½	103½	0	0	16.57
Queb. Urban 16¾ 86 C$	20	†100	101	0	0	16.52
Tordom Cpn. 16½ 88 C$	25	†97½	98	+0¼	+0½	17.13
Transalta 17 89 C$	50	†99¾	100¼	+0½	+1	16.98
M. Bk. Dnmk. 9 91 EUA	25	86⅜	87⅞	0	-0⅛	11.20
SOFTE 8¾ 89 EUA	40	78⅞	80⅛	0	+0⅞	12.81
U. Bk. Nwy. 9½ 90 EUA	18	92	93⅛	0	+0⅛	10.93
Algemene Bk. 10¾ 86 Fl	60	99⅜	99⅞	0	+0½	10.37
Amfas Group 12¾ 86 Fl	40	103¼	103¾	0	-0⅛	11.26
Amro Bank 12 86 Fl	75	103¼	103¾	+0⅛	+1⅛	10.90
Amro Bank 12 86 Fl	60	103⅞	103⅝	+0⅜	+1⅛	10.96
Heineken NV 10 87 Fl	100	96¾	97¼	0	+0⅛	10.77
Pierson 10¾ 88 Fl	50	98	98½	-0⅛	+0½	10.81
Rabobank 12 86 Fl	50	103	103½	0	+1	10.97
Air France 14½ 86 FFr	200	95⅛	96⅛	0	-0⅛	15.99
Bk. America 14½ 86 FFr	250	93½	94½	+0⅛	-0½	16.56
Charb'nages 13⅞ 85 FFr	400	95	96	0	-0⅛	15.47
EIB 14¾ 88 FFr	300	90¾	91¾	-0¼	0	16.53
La Redoute 14¾ 85 FFr	125	91⅛	92⅛	0	-0⅛	17.30
OKB 14 86 FFr	400	93½	94½	0	-0⅛	16.15
Solvay et C. 14¾ 86 FFr	200	94½	95½	0	-0½	16.54
Swed. E. Cr. 14¾ 86 FFr	250	94	95	-0¼	-0¼	16.55
U. Mex. Sts. 14 85 FFr	150	91½	92½	0	-0⅛	17.34
Acona 14 85 £	20	91⅛	92⅛	0	0	16.88
Beneficial 14¾ 90 £	20	85⅞	86⅞	0	+0⅛	17.34
BNP 13½ 91 £	15	89⅛	90⅛	+1⅛	+2⅛	15.89
CECA 13½ 88 £	20	92½	93½	+0½	+1⅞	15.19
Citicorp O/S 13½ 90 £	50	93½	94½	+0⅛	+2⅛	14.82
Fin. Ex. Cred. 13¾ 86 £	15	94⅛	95⅛	+1⅛	+2⅛	15.61
Gen. Elec. Co. 12½ 89 £	50	88⅛	89⅛	+0⅛	+1⅛	16.11
Hiram Walker 14¼ 86 £	25	95⅜	96⅜	+0⅛	+1½	15.56
Privatbanken 14½ 88 £	12	90¾	91¾	-0⅛	-0½	16.87
J. Rothschild 14½ 90 £	12	96⅛	97⅛	+0⅛	+2⅛	14.93
Royal Trustco 14 86 £	12	95	96	+0⅛	+0⅞	15.59
Swed. Ex. Cr. 13½ 86 £	20	94⅛	95⅛	0	+1⅛	15.69
Akzo 9¾ 87 LuxFr	500	91½	92½	+0¼	+2⅞	11.21
Euratom 9¾ 88 LuxFr	500	89⅜	90⅜	+0⅛	+1⅛	12.29
Eurofima 10½ 87 LuxFr	500	95⅛	96⅛	0	+2⅛	11.53
EIB 9¾ 88 LuxFr	600	91⅛	92⅛	+0⅛	+1⅜	11.76
Volvo 9¾ 87 LuxFr	500	91⅛	92⅛	+0⅛	+2⅞	11.78

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 91	0⅛	99⅜	99⅞	29/4	17.06	17.13
Bank of Tokyo 5¼ 91	0⅛	100⅝	101⅛	10/6	13⅛	13.15
Bk. Nova Scotia 5¼ 93	0⅛	99⅝	100⅛	29/4	17.06	17.08
BFCE 5¼ 88	0¼	99⅝	100⅛	26/4	16.94	16.96
BFCE 5¼ 87	0¼	99¾	100¼	27/7	16⅛	16.25
Christiania Bk. 5½ 91	‡0¼	99⅜	99⅞	5/5	16	16.06
Co-Ban Eurofin 5½ 91	0¼	98¾	99¼	14/4	16.69	16.86
Den Norske Cred. 5½ 93	0⅛	97¾	98¼	4/6	13.56	13.86
Genfinance 5¼ 92	0⅛	99⅞	100⅜	30/6	15½	15.50
Giro und Bank 5¼ 91	‡0¼	99⅜	99⅞	23/3	14.06	14.13
GZB 5¼ 92	‡0¼	99⅜	99⅞	5/3	13⅛	13.21
Ind. Bank Japan 5¼ 88	0⅛	99¾	100¼	9/5	13.31	13.31
Lloyds Eurofin 5¼ 93	§0⅛	99½	100	29/4	17.13	17.17
LTCB Japan 5½ 89	0¼	99¼	99¾	16/7	15.31	15.39
Midland Int. Fin. 5 91	0⅛	99⅝	100⅛	30/4	17.06	17.08
Nacional Fin. 5½ 88	0¼	†96⅞	97⅜	25/3	17.31	17.87
Nat. Bk. Canada 5¼ 88	0⅛	99⅜	99⅞	24/3	17.31	17.38
Nat. West. Fin. 5¼ 91	§0⅛	99⅜	99⅞	15/7	15.19	15.24
Nat. West. Fin. 5¼ 92	§0⅛	99⅜	99⅞	23/4	17	17.04
Nippon Credit 5¼ 90	0⅛	99½	100	10/8	16.06	16.10
Nordic Int. Fin. 5½ 91	0¼	98½	99	6/5	15⅞	15.82
Offshore Mining 5¼ 91	0⅛	98½	99	2/6	13	13.16
Pemex 6 91	0⅝	96¾	97¼	8/4	17	17.53
PKbanken 6 91	0¼	98⅞	99⅜	17/6	14⅛	14.50
Sanwa Int. Fin. 5¼ 88	0⅛	†99⅜	99⅞	24/3	17⅛	17.31
Scotland Int. 5¼ 92	0⅛	98⅞	99⅜	23/3	13.94	14.10
Sec. Pacific 5¼ 91	0¼	98¾	99¼	24/6	13⅛	13.38
Societe Generale 5¼ 97	0¼	99	99½	22/7	15⅛	15.37
Standard Chart. 5¼ 91	0⅛	98⅞	99⅜	18/5	13.31	13.48
Sumitomo Fin. 5½ 88	‡0¼	99⅝	100⅛	9/8	16	16.02
Toronto Domin'n 5¼ 92	0⅛	99⅝	100⅛	11/8	16⅛	16.38

Average price changes... On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	90⅛	91⅜	+0⅛	3.24
Bow Valley Inv. 8 95	4/81	23.12	94⅛	95½	0	72.06
Bridgestone Tire 5½ 96	3/82	470	86¼	87⅞	-0⅛	-5.21
Canon 6¾ 95	1/81	829	92	93	-2¼	-0.78
Daiwa Secs. 5½ 96	12/81	513.8	83	85	-1	-9.97
Fujitsu Fanuc 4½ 96	10/81	6770	99	100	-1	6.07
Furukawa Elec. 5¼ 96	7/81	300	100	101½	-0⅛	-6.06
Hanson O/S Fin. 9½ 96	8/81	136	187	88	+2	-9.18
Hitachi Cable 5¼ 96	2/82	551	90½	91½	0	-2.13
Hitachi Cred. Cpn. 5 96	7/81	1373	78¾	80¼	+0⅛	2.81
Honda Motor 5½ 97	3/82	801	82½	84	-0⅛	5.38
Inchcape 8 95	2/81	4.55	159	80½	-0⅛	15.07
Kawasaki 5¼ 96	9/81	229	86½	88	-0⅛	2.29
Marui 6 96	7/81	881	95	96½	-0⅛	8.35
Minolta Camera 5 96	10/81	909	61	62½	+0⅛	10.59
Minorco 9¼ 97	5/82	8.16	90	91	-0⅛	12.56
Murata 5¼ 96	7/81	2190	61½	63	-0⅛	12.09
NKK 6½ 96	7/81	188	78½	80	+1⅛	-25.40
Nippon Chemi-C. 5 91	10/81	919	60⅛	62½	-1⅛	0.81
Nippon Electric 5¼ 97	2/82	846	92⅜	93⅞	+0⅛	7.79
Orient Finance 5¼ 97	3/82	2567	90⅛	92⅛	0	3.22
Sanyo Electric 5 96	10/81	652	67	68½	-0⅛	3.17
Sumitomo Met. 5¼ 96	10/81	305	64⅛	65⅜	-7⅛	5.20
Swiss Bk. Cpn. 6¾ 90	9/80	191	71½	73½	-0½	18.37
Konishiroku 6 90 DM	2/82	585	101	102	-3½	2.70
Mitsubishi H. 6 89 DM	2/82	263	95	96	-0⅝	10.16

EUROBOND TURNOVER (nominal value in $m)

	Cedel	Euro-clear
U.S. $ bonds		
Last week	6,604.1	16,413.5
Previous week	5,376.9	11,447.4
Other bonds		
Last week	1,125.0	1,000.1
Previous week	833.2	555.8

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International; Credit Commercial de France (Securities) London; Citicorp International Bank; Daiwa Europe NV; Deltec Securities (UK); EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Manufacturers Hanover; Merrill Lynch; Morgan Stanley International; Nikko Securities Company (Europe); Orion Royal Bank; Salomon Brothers International; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

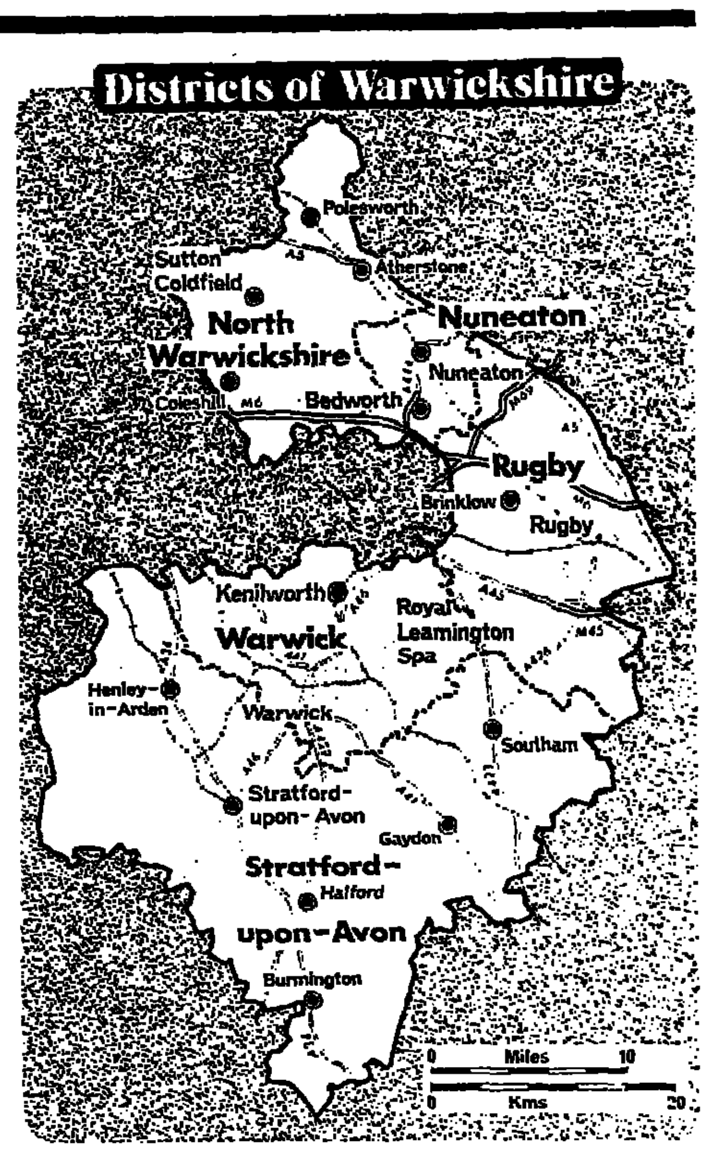
Closing prices on March 5

FINANCIAL TIMES SURVEY

Monday March 8 1982

Warwickshire

Planners realised some time ago that the county needed to encourage more jobs in its own towns and rural areas. Since then the decline of industry in the West Midlands has emphasised the wisdom of that scheme. Everything is now being done to encourage the growth of small companies



Warwickshire has been divided into five industrial areas centred on North Warwickshire, Nuneaton, Rugby, Warwick and Stratford-on-Avon

Breaking out of the old mould

BY LORNE BARLING

THE COUNTY of Warwickshire, with a population of around 500,000, was an early starter in the now familiar contest throughout the UK to develop the industrial base away from older or slowly growing manufacturing activities.

Although not in itself a major industrial area, the county had become heavily reliant on the West Midlands—*particularly* Coventry—for jobs and the creation of wealth, a fact which became uncomfortably evident when the motor industry's problems began to emerge in the early 1970s.

It became clear to planners that the county needed to encourage more industrial self-sufficiency in its own towns and rural areas, and an ambitious development scheme was formulated to counter the threat.

Sadly, this foresight has not prevented events from overtaking the plan, and unemployment in Warwickshire has now risen *to 14.5 per cent when Coventry* as a travel-to-work area is taken into account—a figure well above the national average *and only slightly below* the West Midlands as a whole.

Under a programme started *in 1978*, however, the county council is spending around £8.5m for the release and development of 276 acres of industrial land, spread around the districts, which it is hoped will help create the 32,000 jobs likely to be needed by 1986.

As Mr Jeremy Howell, industrial development adviser, points out: "All our eggs were in one economic basket and the problems of BL and Chrysler in the mid-1970s showed how vulnerable we were. Until that time the county was more concerned about keeping a green *belt round Coventry.*"

Warwickshire remains a largely agricultural and attractively rural county, with a high level of tourism generated partly by visitors to Stratford-on-Avon and Warwick; it also benefits in this respect from the National Agricultural Centre at Stoneleigh and the National Exhibition Centre, *which is on its border.*

Weaker links

Its efforts to become more self-sufficient economically will inevitably weaken links with the industrial Midlands, and the construction of the country's last major motorway, the M40, will bisect the county and *provide faster links with the* South-East. The already large population movement between the south of the county and the London area will therefore increase, planners believe.

These factors will almost certainly mean that the *southern half of the county will* benefit from the more rapid industrial development in the southern half of Britain, *particularly in the much sought-*after high technology field.

In the north, however, districts such as Nuneaton, Bedworth and Rugby are far more integrated into Midlands industry and while well served by the M1/M6, desperately need a new road link to the growing east coast ports and better access to the rest of *Europe. Efforts are now* being made to attract EEC funds for this project.

The *industrial* structure of the county, with nearly 70 per cent of companies employing fewer than 25 workers, indicates that the council has correctly judged one priority to be the encouragement of small company growth.

Until recently there had been little land available for industrial development, particularly *in the smaller towns, and* a high proportion of industry, mainly mechanical engineering, remains concentrated in the northern areas.

According to a recent survey by Market Location of Leamington Spa, the county also has double the average UK concentration of motor industry concerns within its boundaries, *although this sector only* accounts for 3.6 per cent of the total number of companies.

Major growth in recent years has been in transport and warehousing, *activities* once frowned on by industrial developers since they created comparatively few jobs but now encouraged in Warwickshire, where a number of large depots and trans-shipment points have boosted local *employment.*

The main activity in the area, however, remains mechanical and electrical *engineering, which is the main* business of 23 per cent of companies, while there is a higher than average concentration of companies concerned with various types of metal working and processing.

Rapid growth

One of the most rapidly growing districts of the county has been around Nuneaton and Bedworth, where more than 200 companies have moved to new industrial estates in the past 10 years, and the population is expected to rise rapidly from its present level of around 120,000 people, partly as a result of migration from nearby Coventry. Around 30,000 Warwickshire residents now work daily in Coventry.

Although employment in the *Nuneaton* area *has grown* rapidly in recent years as engineering has taken over from traditional *activities* such as mining and textiles, many of the smaller concerns making motor industry components have suffered and unemployment has risen to 16 per cent, the highest in the county. Most companies in the area are *small* and *some consolation is* to be found in their adaptability.

The district of Rugby is dominated by the town, which has a population of nearly 90,000 people and is a major road and rail junction. Electrical engineering *is the main*stay of the local economy and provides around a third of all jobs, but employment has declined markedly in the past *decade as a result of uncertain* markets and rising productivity.

Numbers employed in engineering as a whole have halved *since the early 1960s, although* there has been compensation from a rise in service sector employment, which now accounts for well over half of total employment. The town has seen a 35 per cent increase in unemployment over the past 12 months to nearly 13 per cent of the workforce.

The district of Warwick, which includes the town itself, Kenilworth and Leamington Spa, has a population of around *120,000 which has risen* by nearly 25 per cent since 1960. Industrial development has also been rapid, however, particularly around Warwick, where around £2m is now being invested in a Science Park adjoining Warwick University.

Steady stream

This is expected to attract a steady stream of new industry in the next decade, since 24 acres have been set aside adjacent to the campus for high technology companies which believe they can benefit from the university's scientific resources. This will include an "*incubator*" *building for* very small concerns, which is expected to be funded by around £1m in aid from one of the clearing banks.

Significantly, industries in the area such as vehicle components, mechanical engineering *and other manufacturing have* held up reasonably well during the recession in terms of labour demand, and unemployment at 10.4 per cent is well below the West Midlands average. However, the district is notable for its high proportion of people in *professional and managerial* occupations, accounting for nearly 40 per cent of jobs, many of whom commute to Coventry.

North Warwickshire borders on the urban areas of Birmingham, Coventry and Nuneaton, and has two main employment *areas in Atherstone and Coles*hill, but around a third of residents travel to work elsewhere. Mining and quarrying still contribute considerably to the local economy, while warehousing and transport have become major activities.

The southern area of the county, the district around Stratford-on-Avon, covers *almost half of* Warwickshire but its population constitutes only about 20 per cent of the county total. The county structure plan has identified eight "key settlements" in the rural areas where small industrial areas will meet limited demand.

Stratford is the focal point of the county's tourist industry, estimated to generate annual revenues of between £35m and £40m. Warwick Castle is another major attraction, while the Royal Show at Stoneleigh also attracts a large number of visitors.

Although industrial employment in Stratford has increased steadily, the town has suffered a 53 per cent increase in unemployment in the past 12 months. This is attributed partly to poor tourist figures, particularly a fall in visitors from abroad because of currency fluctuations.

Overall, the county has weathered the recession slightly better than the West Midlands, as a whole and in the medium-term its prospects for economic growth appear to be favourable, largely as a result of wise planning and favourable location.

BASIC STATISTICS

Area: (Sq Km)		1,981
Population (1981)	Total:	473,620
	Towns:	278,147
	Rural:	195,473
% change	1961-71	+17.8
	1971-81	+ 4.0
Unemployment (Dec 1981)	Male:	13,568
	Female:	6,093
	Total:	19,661

CONTENTS

Ambitious scheme to restore jobs

WARWICKSHIRE, like other parts of the country, has experienced industrial contraction by many of its larger companies and planners have had little option but to pin their hopes for economic growth on the expansion of small and medium-sized concerns, and on incoming industry.

The county has only a handful of companies employing more than 1,000 people, but is nevertheless heavily reliant upon major manufacturing concerns in the West Midlands, where unemployment has risen by 34 per cent in the past year. The figure for the county and Coventry was 26 per cent, indicating that its high proportion of smaller, more adaptable companies has been of value.

However, it is accepted that these companies are also slow to increase their work forces, with the result that a major loss of jobs, such as the steady cutback by GEC in Rugby in recent years, will take years to replace.

The county authorities have therefore embarked on an ambitious industrial development scheme, outlined recently at an exhibition held at the House of Commons, which is successfully providing large areas of land for industrial use.

Although competition for new industry in the UK is intense, planners believe Warwickshire is well placed to attract more than the national average, since it has the advantage of being rural but close to the industrial Midlands.

The largest employer in the county remains GEC, eight of whose companies at Rugby employ around 7,500 people, while Rugby Portland Cement and Smith's Industries, also at Rugby, make a major contribution to the local economy.

In Warwick and Leamington, the major employer is Automotive Products, with a work force of around 6,000, while Ford's foundry and component activities there sustain work for around 2,000 people. IBM, which more recently located its computer service headquarters in the district, has also made a major contribution to employment.

Leamington is the national headquarters of the Quinton Hazel group, the country's largest independent manufacturer of automotive components and replacements parts. Although only about 50 people are employed there, it is the centre of operations for the chief executives of the various operating companies.

Quinton Hazel also employs 350 people at Nuneaton, where it has its main national distribution centre. The company, owned by Burmah Oil, was recently put up for sale, but this is unlikely to have any effect on future employment levels, the company said.

Other notable employers are British Aero Components, English Rose Kitchens, Massey-Ferguson, Smedley H.P. Foods and Potterton International, the central heating appliance manufacturer. There has recently been a significant increase in the number of service industry companies moving to the two towns.

The area has slowly become less dependent upon Coventry as a place of work, partly because of the diversification of local industry, which is complemented by the service jobs created by half a million visitors a year to Warwick Castle, where amenities and tourist attractions are now being improved.

Industry in Bedworth and Nuneaton is still closely tied to motor manufacturing and the largest employer, with a work force of more than 1,000 is Sterling Metals, a subsidiary of Birmid Qualcast, while Clarkson International Tools, which recently took over part of Alfred Herbert's machine tool interest, is a major local company.

Arrival

Although some textile and hosiery work is still carried on in and around Nuneaton, this traditional industry has contracted rapidly in recent times, and coal mining is declining in prominence. A recent arrival in the area is Wilkinson Transport, which has created around 300 new jobs with the establishment of a major sorting centre.

The largest employer in the Nuneaton and Bedworth district is the National Coal Board, which has three collieries providing around 2,500 jobs, although there have been some layoffs recently. The Central Electricity Generating Board's two power stations also provides a large number of jobs.

A number of medium-sized employers, each with around 300 people, are established in the district. These include 3M, the abrasives company, British Home Stores national distribution centre, Thomas Nationwide Transport and the Kingsbury oil terminal, which is jointly operated by a number of major oil companies.

In the Stratford-on-Avon area, two of the largest employers are professional and white collar concerns, IDC, the design-and-build construction company, and the National Farmers Union Mutual Insurance Society. IDC, which employs nearly 1,000 people in total, normally has around 400 working at its Stratford headquarters—around 90 per cent of whom are professionally qualified.

NFU Insurance, which includes its non-farming business subsidiary Avon Insurance, is at present housed in offices in the town centre, but will move in 1984 to a new office block on the outskirts. The company said it planned to accommodate 430 employees in the new building.

N. C. Joseph, manufacturers of aluminium and other metal goods, is another of the larger companies in Stratford, which has a fair number of motor component companies and metal processors.

The county therefore has a wide spread of industry, ranging from coal mining and heavy engineering in the north, to very small companies in the less populous south, all of which must be catered for in the county council's development plan.

The County Council is now extending its activities beyond provision of lands and promotional work to further the development of industry, and has agreed to provide financial support for the Warwick University science park scheme. This is regarded as an important step in encouraging small, high technology companies so badly needed to replace older industries.

A number of companies which have moved to Warwickshire in recent years believe they have benefited considerably from the well-qualified labour force in the area, due largely to the development of engineering skills in and around Coventry.

However, like other parts of the West Midlands, there is likely to be an increasing problem in finding skilled labour when the economy picks up.

A further problem is that a high proportion of those unemployed are young people who have not had the chance to develop skills, and national training programmes are therefore being watched with interest.

There is also concern in Warwickshire that regional aid to other parts of the country is slowing local growth. Mr John Vereker, vice-chairman of the council and a member of the Industrial and Employment Development panel, said: "The current nonsense called regional policy, under which the already depressed Midlands are having to subsidise competitors in depressed regions, means that public money is available to attract industry away from areas identified by market forces."

Lorne Barling

Above: Attleborough Fields Industrial Estate at Nuneaton—freehold sites up to 10 acres are available. Below: Among construction equipment makers is Benford, operating on the new Wedgknock industrial estate, Warwick

Grundig's new distribution centre at Rugby

Smaller centres take fresh heart

AS THE TAIL LIGHT of employment in the motor industry began to recede into the distance Warwickshire County Council and the district councils set about establishing alternative employment. The handling of the country's £8.5m revolving fund is encouragingly supple and imaginative, and while inevitably directed towards the larger towns like Nuneaton and Rugby where problems are more acute, has also raised new hopes and expectations in smaller places like Old Arley, near Coventry and Bideford-on-Avon.

Coventry, which is in the West Midlands, is not part of the strategy; rather is it the chief reason for the strategy's existence. Many of those who used to work in Coventry's car, tractor, machine tool and vehicle component factories live in the towns and villages administered by the county council, and have added to the problems of looking after those who both live and work in them, like the workers at Automotive Products and the Ford tractor foundry in Leamington Spa.

In response the county council have moved quickly into the small factory unit market. In Warwickshire, as elsewhere, it is the most rapidly expanding segment of the market, with most units finding tenants unusually quickly.

One or two organisations, among them Nuneaton Business Developments, are refurbishing disused factories. The company is basically in engineering and needed larger premises, which it found in Fife Street, Nuneaton. Since last June it has created 28 small other units and is finishing the last two at an average cost of well under £1,000, fully equipped with services. This is, of course, much cheaper than building on a new site, and reduces rents to £1-£1.50 per square foot per week, paid a month in advance.

A considerable variety of activities covers machine tools, cutter grinding, double glazing and, in the former drawing office which has a parquet floor, a school of dancing is flourishing. "We have a waiting list of tenants," says Mr Derek Smith, a partner in Nuneaton Business Developments. He is now looking at other local factories capable of similar treatment.

In a rather more trendy fashion Wellesbourne House, the local manor, has been refurbished as a communal office block for those on the 12-acre estate, while the former workhouse, at Shipston-on-Stour, is now the headquarters of Renault's UK agricultural division. It is handily placed for the National Agricultural Centre at Stoneleigh, four miles from Leamington Spa.

Nuneaton was, in fact, the first industrial site, of 44 acres, to be developed by the industrial promotion unit of the county planning department, and it has gone well. There are five other sites, in the county town itself, in nearby Leamington Spa, and in Bedworth, Rugby and Heathcote. This last forms the southern point of a triangle with Warwick and Leamington Spa and will benefit substantially when the M40 extension is completed. The proposed line runs past the site. The £1m cost of opening up the first 50 acres and providing services has already been recovered and sites on the 30 acres still remaining are expected to find tenants without much difficulty.

Heathcote is the most recent industrial estate in a programme most of which has been pushed through since the formation of the industrial promotion unit three years ago, and which has been carefully designed to provide a balance of jobs throughout the region.

The unit has, of course, drawn on the experience of towns which, like Rugby, have had to develop their own strategies. Rugby was a major centre of heavy electrical engineering for the UK and overseas power, steel and other industries. The steady contraction of this sector threw up early problems in finding alternative employment.

Solutions

It was a community problem and community solutions were sought, like the formation of Rugby Commercial Development Committee. This represents the borough council, the Chamber of Commerce, and the trades council and has done much to help bring new industrial and commercial enterprises to the early estates at Paynes Lane, Somers Row and Glebe farm. Since then, in tandem with the county, two more estates have sprung up—Swift Valley and Arches Lane to the north of the town, which has extremely good road and rail communications. Swift Valley has begun to find tenants and Arches Lane will be marketed in the spring. A long history of excellent industrial relations has been a significant factor in attracting customers.

Rugby has been more actively promoting itself than other Warwickshire towns and while this has been confined to the UK the results are to be seen in the companies that have found a new home in the district. Beecham Products, with some 200 employees making soft drinks, is the biggest of the new employers. Grundig is one of those which have moved out of more congested areas like London, while the Common Market is represented by Hahn and Kolb, an Italian machine tool maker, Cyclam, a French company making vehicle dashboards, Showerlux, a Swiss shower manufacturer and Trelleborg, a Swedish belting company. A margarine and edible oil concern will employ another 60 when it gets going.

It is a measure of the inherent advantages of the district and the success of a collective approach that unemployment now is fractionally below the national average. It could even decline further if one of the traditional employers goes into robotics. But it has been a male oriented revival. Work for women is still needed.

The more rural areas have not been neglected. For instance, Bideford-on-Avon, down in the south-west corner of the county, has an industrial estate of more than five acres being developed to the north of the riverside village.

Between Bideford-on-Avon and Rugby, on the eastern boundary, lies Stratford-on-Avon which, though better known as a tourist centre nevertheless has a surprising variety of industry from construction and textiles to canning and technical model-making.

The weakening tourist trade makes manufacturing and supporting industries of greater importance to the local economy. Three developments are proceeding. Two of these, of 10 and six acres respectively are alongside the main A34 and the third tidies up an environmental eyesore around the old gas works. All are within comfortable walking distance of the town centre.

Numerically most of the sites in the county are of the nursery type and the way in which they are being snapped up is indicative of the keenness of individuals and small groups to make their own way in the world. Their ambitions and their quest for knowledge of how to go about things are being catered for in a variety of ways, such as an enterprise trust now being set up.

Peter Cartwright

Industrial sites form a key element

THE BASIS of industrial development in Warwickshire is the provision of a large quantity of high quality industrial land over a seven-year period ending in 1986 which it is hoped will create a total of about 32,000 new jobs.

It is estimated by the County Council, which is responsible for overseeing the plan with the cooperation of district councils, that 20,000 of these new jobs will be needed to meet the county's population increase, while a further 12,000 are required to replace jobs being lost in other industries.

The latest estimate of the cost of the programme is £8.47m, mainly in relation to land acquisition, but it is designed to be self-financing and a net profit on the purchase and subsequent sale of land (with infrastructure) is expected to be about £4.7m at the end of the seven-year period.

For a number of years the county council has been following a policy of disposing of land and buildings which are surplus to requirements, and the proceeds of these sales have been credited to a pool which is now being tapped for the development of industrial estates.

Proceeds

"As time goes on, proceeds from the sale of the industrial sites can provide a source of capital for the latter stages of the development programme and contribute to rolling development," the council said.

Some of the earlier projects used funds and legislation which are now no longer accessible to local authorities, notably the purchase of land under the Community Land Act net of development land tax.

The council added that the programme was notable in that no loan finance had been necessary and in spite of the recession, sites were being sold successfully.

Around 17,000 of the new jobs created are expected to be on line serviced industrial sites on estates located in the main towns and "key settlements" of Warwickshire identified in the county's structure plan. These will cover a total of 236 acres and will pass through local authority ownership to companies and developers, since it is county policy not to retain any leased land.

However, this represents less than half the total acreage of land identified by the county council for industrial use before the end of the decade, and some of this has also been made available recently.

Land on the nine estates, of which 30 acres has already been sold, will provide "a spectrum of opportunities on a wide range of freehold sites for direct users and developers to build factories from 600 sq ft for owner occupation or rental," the council said.

It is estimated that this initiative by the county will provide around 8,500 jobs in 1986 and the remaining 8,500 required are expected to come through private development schemes. All the schemes carried out by the council have been undertaken where, for various vide around 8,500 jobs by 1986 reasons, private sector initiatives would not have released land or provided the variety of opportunities necessary, it was pointed out.

Overall industrial promotion policies of the county and district councils are co-ordinated through the Warwickshire industrial and employment development panel, and no special powers have been required to implement policies.

These policies have been designed to complement rather than duplicate private sector activity. In cases where a local authority initiative has been needed merely to assemble the land and make it available, it has been or will be sold directly to private development companies.

A typical case of successful intervention by the county council was at Leamington, where some shortages of industrial land had been experienced. A 50-acre plot, jointly owned by the district council, was therefore brought forward for development and subsequently formed the Heathcote industrial estate.

The local authorities are now releasing the land in two phases for a variety of purposes including a 10-acre development site, 10 acres for direct users and a 9 acre campus site, also for a direct user. Some quarter-acre plots are also available.

"We decided not to sell to one developer because we wanted to ensure that there was a spread of industrial activity rather than a few large factories which the pension funds tend to prefer," said Mr Jeremy Howell, the council's industrial adviser.

The other major industrial developments are Attleborough Fields Industrial Estate at Nuneaton (44 acres), Swift Valley Industrial Estate at Rugby (20 acres with options to expand to 60 acres), Holly Lane Industrial Estates at Atherston (30 acres plus 40 acres of private land), Shipston House and Shipston-on-Stour (4 acres) and 7.8 acres at Birmingham Road, Stratford-on-Avon.

At Bideford-on-Avon, 11 acres are available, Southam has 9 acres at Westfield Road and The Arches, Rugby, provides a further 20 acres. Most of this land is owned solely by the county council, but some is in joint ownership with district councils.

The flexibility of the programme is well illustrated by the Rugby scheme, where 20 acres of derlict land has been assembled into a site from six ownerships for a nominal sum. The county council is now clearing the site of an old railway viadict, providing a flood control system and improved road system.

When the project is completed, the land will either be re-purchased by the original owners at a price which will cover the cost of the improvement works, or sold by the council, sharing the profit with the owners.

This type of scheme has contributed to Warwickshire's success in being the county with the highest receipts in the UK from the sale of assets.

Inflow

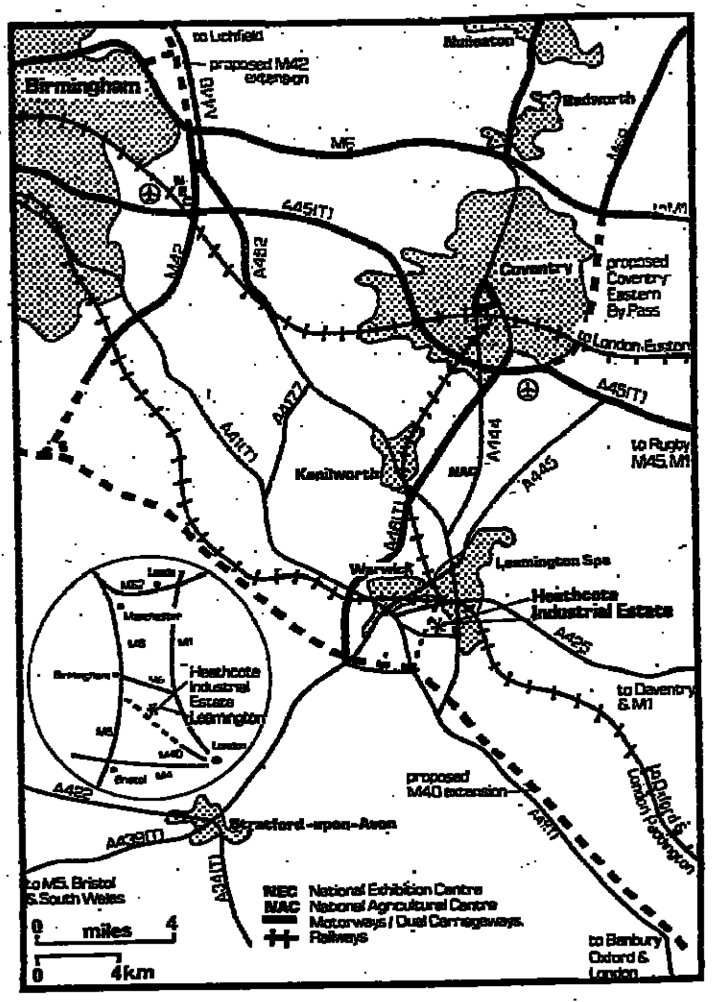
One of the largest estates, Attleborough Fields, at Nuneaton, has had a steady inflow of new companies and more than 22 acres have been taken up

For a county which in the early 1970s was uncommitted to any programme of industrial development, Warwickshire has come a long way, and job creation through this programme is broadly on course, despite the problems of recession. However, it now remains the task of private industry to take up the space provided, assuming that economic conditions favour expansion.

Lorne Barling

Access is easy to main arteries

BY PETER CARTWRIGHT



AMONG THE MAJOR attractions that have persuaded international companies to settle in Warwickshire is the convenience with which the main industrial arteries can be reached from most towns. Indeed, the siting of the larger industrial estates has been determined with this prominently in mind.

The concentration of motorways and railways to the north and east of the county has inevitably dictated that much of the early development should be in those areas. More recent developments, like that at Heathcote, just to the south-east of the county town, anticipate the construction of further motorways and by-passes although at the present rate of progress they look like being completed in the second half of the 1980s or early 1990s, rather than in the first half of this decade.

Rugby is one of the more outstanding examples of how well served the county is by existing communications. In one direction London can soon be reached by rail or the M1. In the opposite direction both motorways and railways open up the Midlands to the east as well as to the west. The Swift Valley industrial estate to the north of Rugby is less than two miles by dual carriageway from junction one of the M6; or going towards London, which is 88 miles away, junction 19 and 20 on the M1 are four and five miles away respectively. On the other hand, Grundig chose Rugby for its UK distribution centre because it wanted to use the railway system.

Nuneaton, lying between the A5 and M1 (to which it is joined by double carriageway) is the headquarters of Wilkinsons Transport, one of the country's largest transport operators, while further to the east, Atherstone, through which the A5 passes, has become a main distribution centre for British Home Stores.

It is there that employment is being given a boost by Thomas Nationwide Transport (TNT), the big Australian-based group. It is consolidating its UK parcels service on an 18-acre site at the 30-acre Holly Lane estate, convenient to the London-Glasgow railway line, the A5, M69 to Leicester and the M1 and, when ready, the M42 link with the north and south. The TNT sorting and redistribution depot will employ about 300 when fully operational in about three months.

This northern part of the county, which skirts Coventry on three sides—Coventry is in the West Midlands metropolitan county—is already fairly heavily industrialised. The central and south western areas will be opened up for development with the building of the M40. On its northwards progress from London this at present stops at Waterstock, some 10 miles east of Oxford. The proposed line runs towards Banbury and then to the Longbridge roundabout just south of Warwick, where it meets the city's by-pass. This will make a triangle with the Bromsgrove section of the M42, as yet unbuilt. Leamington's southern link road will eventually connect with the M40.

The M40 will provide an alternative route to London and relieve the congested M1. When the M42 to Nottingham is also completed and connections made to other sections of the motorway like the M5 to the south west, the central and southern parts of Warwickshire are likely to become even more attractive to industry and commuters. For the time being, however, inquiries have to be held into key sections of motorway routes and strong objections by individuals and action groups have still to be heard.

The M40, when it arrives in the area, will be of great importance to Stratford-upon-Avon, a prime tourist centre that in more normal times tends to get inundated by people and cars and coaches, all of which have to go at present by the original narrow Clopton bridge over the Avon. A northern by-pass when completed will relieve the town centre of some of this traffic.

So in two ways, industrial and tourist, the proposed new roads and motorways will open up new opportunities by easing traffic problems. Top tourist attractions like Shakespeare's birthplace, Warwick and Kenilworth castles and the Cotswolds will welcome the relief.

Manufacturing industry expansion could benefit commercial property

Higher demand for offices likely

Clarendon House, the recently-completed Regency-style building in Leamington's Clarendon Square won an architectural award. It provides 17,000 sq ft of offices

THE INTEREST being shown by manufacturing industry in Warwickshire in the County Council's encouragement of factory development, is likely to lead to higher demand for office space in the county, planners believe.

However, the recent restraints on office development imposed by local authorities and lack of strong demand in most areas has meant that few new office premises have been constructed in the county in the past few years.

There have nevertheless been some major projects undertaken in the county, notably the Chesterfield Properties retail centre in Rugby, which has provided premises for two large stores, Sainsbury's and International Stores, and 32 smaller units.

This 250,000 sq ft development, which was completed in the middle of last year, has now been fully let (including a large unit of Littlewoods) and has created a new dimension in Rugby's central area. The contract value of the project was £5.5m.

Another major development for the county is the construction of a £9m office block on the outskirts of Stratford upon Avon by the National Farmers' Union and Avon Insurance group, which will become its headquarters, replacing premises in the town itself.

The building, being constructed by Turriff of Warwick, is expected to be completed in about two years and provide nearly 15,000 sq metres of space, mainly for offices, a computer centre and staff facilities. Initial objections to the building, on the grounds that it would be out of keeping with its rural location, have been overcome.

In Leamington, a notable development recently has been the construction of a 17,000 sq ft Regency-style building in Clarendon Square, which won a local award for its architectural merit. Agents Peter Bromwich said that top rental rates for the area of £4 a sq ft were being obtained in the building, jointly developed by European Ferries and W. A. Blackburn, a Coventry company.

Mr John Shuttleworth of Peter Bromwich said: "There is a fairly steady demand for offices in the area, and the Clarendon Square building is attracting a lot of interest. Two tenants have already moved in."

Leamington has also seen considerable development of retail premises in the past few years, notably by a local company, City and Continental Properties. This has been in response to the growing popularity of the town as a shopping centre.

Boots, Mothercare and Dixons have all taken newly developed property in Warwick Street and the Parade, while seven shops completed in the Parade and Regent Street have all been let.

Warwick's older buildings, such as the famous Lord Leycester Hospital, add to development problems because of the difficulty of blending in designs for new shops

Sun Alliance has completed six shops in Warwick Street and a further two, each of 2,000 sq ft, will be available by the end of the year. Rental values of prime shopping space have now risen to around £30 a sq ft, a high figure for Warwickshire.

Another recent office letting was the upper three floors of Regent Square House, to three tenants, Dictaphone—which has its national headquarters in Leamington—Midland Bank and Warwick District Council. Rental values for property of this kind is now between £3 and £3.50 a sq ft.

However, the retail market is now awaiting the impact of a large retail shop project proposed for the town centre by the council, which could reduce or at least hold down rental values.

According to Mr Stephen Evans, senior partner at agents Staites of Leamington, there was now strong demand in the town for freehold office property for professional groups such as accountants and architects, but planning restraints meant that very little property of this kind was available.

He said that the development of shops in the town had been allowed where design was acceptable or Regency frontages had been duplicated, but in Warwick, where buildings were older, this had been more difficult.

Some developers now take the view that most future office development in the county will come in the form of joint office-factory units in the designated industrial areas, since this is increasingly acceptable and sometimes preferred by companies, particularly those in the high technology fields.

Most housing development within the county has taken place in the Nuneaton-Bedworth-Rugby, and Warwick-Leamington-Kenilworth areas, and overall completions over the past five years in Warwickshire amount to more than 11,000 homes, of which around 7,700 were through private development.

During the five years up to April 1981, just over 3,000 houses were completed in the Nuneaton area, of which nearly 2,000 were for the council reflecting the greater emphasis in the industrialised areas of the county on meeting the needs of the growing work force.

However, slower industrial growth than predicted has led to a considerable shortfall in housing requirements in some areas.

The situation in Warwick is somewhat different, with around two-thirds of housing development over the past five years having been undertaken by the private sector.

Lorne Barling

Warwick University's plan to set up a neighbouring science park has attracted widespread industrial interest. Lorne Barling reports

Important focus for infusion of high technology

THE UNIVERSITY of Warwick's plan to set up a £3m science park alongside its 450-acre campus, which attracted wide interest at its recent launch in London by the Education Secretary, Sir Keith Joseph, is regarded as an important initiative for long-term industrial growth in the county.

The basic concept of the science park is to encourage the development of new products by allowing small companies to work alongside the university and take advantage of its expertise, particularly in biotechnology and bio-engineering, computer science, micro-electronics, robotics and high technology manufacturing.

The West Midlands County Council has made an initial investment of £545,000 in the science park, mainly to provide infrastructure on the first 10 acres of the site next to the university. The Warwickshire County Council is expected to make an investment of £80,000 in the project, while Barclays Bank is to invest up to £1m.

Mr Michael Shattock, academic registrar at the university, said that a number of large companies had also approached the university with offers of funds for various projects. It was now a matter of matching those offers with the right people to do the work.

He said that considerable interest had been shown by American companies in the field of biotechnology, while the park would also welcome research and development units set up by large British companies. The first buildings on the site are expected to be completed by the middle of next year.

The response of financial institutions has so far been encouraging, since it is clear that some small companies will need medium-term finance at minimal interest rates if their projects are to come to fruition.

Companies resident on the science park will be encouraged to establish close links with the university and will be offered access to all its resources, whether scientific, academic, cultural or social.

Terms of occupancy will vary according to the requirements of companies, but flexibility is a major objective. In some cases, grants may be available from county councils, and low rental charges will be offered for companies wishing to take space in the "incubator" building which will be funded by Barclays Bank.

Technician in the Biological Sciences department loading a rotor into an ultra-centrifuge

Mr Anthony Rudge, chairman of Barclays Birmingham Board, said at the recent launch: "We are supporting this development because we feel industry must take advantage of high technology changes if it is to compete effectively.

"The West Midlands must, I believe, change its basic industries from essentially metal-based to higher technology. I am encouraged by the number of companies which are interested in research and development for biotechnology, robotics, high technology electronics and scientific measuring."

It is envisaged that the incubator building, totalling 25,000 sq ft in size, will be built and owned by Barclays, which will lease the building to the science park management company, which in turn will let small sections of it to suitable tenants.

The land on which the park will be developed is owned partly by the university, and partly by Coventry City Council, and there is room for expansion beyond the first 24 acres.

It is intended that some incoming companies will build their own premises of varying size, but to a high standard of finish and of low density, in keeping with the university campus and the surrounding landscape.

Alternatively, the science park management will construct premises to a company's requirements, dealing with the necessary financial, design and construction details. The company would then pay an annual rental for use of the premises.

Mr John Butterworth, Vice-Chancellor of the university, said at the launch of the project that it would not be just another glorified property development, since the aim was a transfer of technology from the campus to the new site. This would be achieved in a number of ways, including consultancy, partnerships and informal contact.

He said Warwick's particular strength was the vigour of its science faculty. Moreover, the "excellence of the staff" had led to the university being able to attract research grants of at least £3m in every year since it was founded in 1964.

"We all have an interest in widening the economic base of Coventry and the surrounding area of Warwickshire in which there is a population of around 1m people," he said. He also welcomed the participation of Lanchester Polytechnic in Coventry in the project, since it had strong links with industry.

One of the fields which has attracted most interest from industry is biotechnology, since the lead times involved in developing new products is long, often seven to 10 years, and Warwick has already co-operated with Wellcome, the drugs company, on new methods of manufacturing interferon. The production of vaccines through cloning is also being researched at the university.

The recent establishment of the Institute of Biotechnology at the university is expected to be an added attraction for companies working in this field.

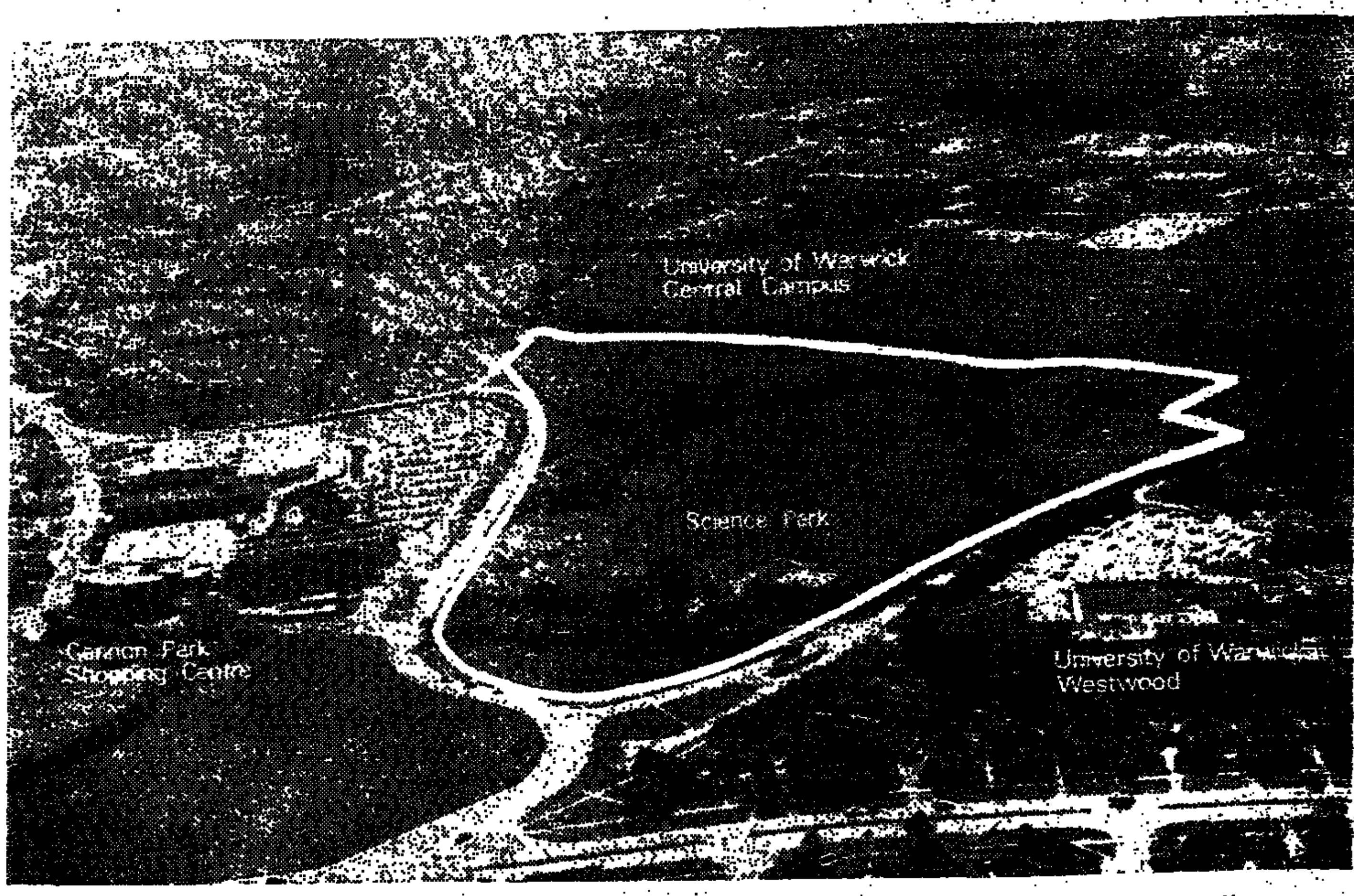
Recent advances in miniaturised electronics have also stimulated research into micro-engineering at Warwick, in conjunction with work on optics, which will soon have important applications in industry, university staff believe. For example, this would allow the development of smaller sensors which in turn will improve control systems for a number of uses, such as in engines.

Although discussions are now taking place with about 12 companies which have shown interest in moving onto the site, it is stressed that the project will not create large numbers of jobs itself. Job creation would come indirectly as successful products were put into production, perhaps elsewhere, as a result of collaboration.

While the response of banks and other financial institutions has been important in getting the project off the ground, the willingness of county councils and Coventry City Council to become involved has been vital.

Councillor Geoff Edge, chairman of the West Midlands County Council's economic development committee, said: "At a time of increasing economic difficulties, it is important that universities do not remain ivory towers, separate from the industry and community in which they are situated.

"It is important that the new ideas they produce are carried over into developing a whole range of new industries and technologies which Britain has been missing for some time."



Above: Location of the science park in relation to the main university buildings. Below: The university Arts Centre on the central campus

WORLD STOCK MARKETS

NEW YORK

CANADA

HOLLAND

HONG KONG

JAPAN

NORWAY

ITALY

AUSTRALIA

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FRANCE

SWEDEN

SWITZERLAND

SINGAPORE

SOUTH AFRICA

Indices

NEW YORK —DOW JONES

	Mar. 5	Mar. 4	Mar. 3	Mar. 2	Mar. 1	Feb. 26	1981-82 High	1981-82 Low	Since Cmpil't'n High	Since Cmpil't'n Low
●Industr'ls	807.58	807.56	815.16	825.82	828.39	824.39	1024.05 (27/4)	807.56 (5/3/82)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	58.21	58.21	58.09	57.82	57.55	57.57	65.78 (15/1/81)	54.88 (1/10)	—	—
Transport.	322.82	325.17	329.38	358.88	357.69	336.58	447.38 (16/4)	322.82 (5/3/82)	447.38 (16/4/81)	12.23 (8/7/32)
Utilities	107.68	107.56	108.21	108.57	107.78	107.23	117.81 (5/1/81)	101.28 (28/9)	165.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000-†	67,449	74,340	70,230	65,900	53,010	43,840	—	—	—	—

●Day's high 814.97 low 799.28.

	Feb. 25	Feb. 19	Feb. 12	Year ago (approx
Ind. div. yield %	6.75	6.74	6.66	5.66

STANDARD AND POORS

	Mar. 5	Mar. 4	Mar. 3	Mar. 2	Mar. 1	Feb. 26	1981-82 High	1981-82 Low	Since Cmpil't'n High	Since Cmpil't'n Low
Indust'ls	120.65	121.51	122.78	124.90	125.80	125.61	157.92 (6/1/81)	120.65 (5/3/82)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	109.34	109.88	110.92	112.68	113.31	113.11	138.12 (6/1/81)	109.34 (5/3/82)	140.52 (28/11/80)	4.402 (1/6/32)

	Mar. 3	Feb. 24	Feb. 17	Year ago (approx)
Ind. div. yield %	6.00	5.85	5.79	4.63
Ind. P/E Ratio	7.42	7.62	7.66	9.27
Long Gov. Bond yield	13.01	13.21	13.93	12.87

NY. S.E. ALL COMMON

Mar. 5	Mar. 4	Mar. 3	Mar. 2	1981-82 High	1981-82 Low
63.14	63.50	64.14	65.14	79.14 (6/1/81)	63.50 (4/3/82)

Rises and Falls

	Mar. 5	Mar. 4	Mar. 3
Issues Traded	1,876	1,874	1,870
Rises	570	477	428
Falls	921	1,041	1,111
Unchanged	385	356	331
New Highs	27	26	25
New Lows	216	257	174

MONTREAL	Mar. 1	Mar. 4	Mar. 3	Mar. 2	1981-82 High	1981-82 Low
Industrials	281.44	284.58	285.84	295.02	409.58 (27/5)	281.44 (5/3/82)
Combined	268.84	271.17	274.64	279.98	375.28 (15/6)	268.84 (5/3/82)
TORONTO Composite	1600.5	1622.2	1640.8	1677.8	2390.55 (16/7)	1600.5 (5/3/82)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Exxon	1,689,500	28⅝	+⅛
RCA	1,122,900	19⅝	+2⅛
Mobil	1,113,500	21	—
IBM	1,069,100	58½	−⅛
No. Inds. Ps.	1,007,400	11⅛	+⅛
Data General	797,900	27⅞	−4⅞
Schlumberger	642,800	43⅞	+⅛
Gen. Motors	625,100	39⅞	+⅛
Texaco	624,900	29½	—
Goodyear Tyre	584,300	21½	+[illegible]

BRAZIL

1981/82 High	1981/82 Low	Mar. 5	Price Cruz
1.90	0.76	Acesita	1.82
12.65	3.05	Banco Brasil	11.60
4.89	1.80	Belgo. Min.	3.70
9.00	2.80	Lojas Amer.	8.80
10.10	2.12	Petrobras PP	9.90
9.95	2.05	Souza Cruz	8.99
12.50	4.55	Unip PE	12.50
13.45	4.50	Vale Rio Doce	12.00

BLETCHLORD/ ROCK DARHAM

Following the placing of 3m ordinary shares, Bletchlord, a private company controlled by Mr R. A. Clarke, announces that it has completed the acquisition of 3,000,001 ordinary shares in Rock Darham from Mr Julius Darham. Accordingly Mr Clarke and his associate, Mr A. P. Baker, have been appointed to the board and Mr Darham has resigned.

SHARE STAKES

Albert Fisher Group—Following -interests are notified: A. B. Millar beneficial 289,054 (7.23 per cent); Derway Finance Beneficial 289,053 (7.23 per cent): P. D. Brown beneficial 466,107 (11.65 per cent) and non beneficial 80,000 (2 per cent).

Marler Estates—Mr R. P. B. Noonan, director, has acquired 40,000 ordinary shares.

Allied Colloids Group—On November 13 1981 G. Whitehurst sold 3,000 shares at £1.44. On February 26 1982 J. Binnie sold 4,200 shares at £1.76. On February 12 1982 A. K. Harrison sold 1,50 0shares at 1.74.

NOTES:—Prices on this page are as quoted on the individual exchanges and are last traded prices. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

As used herein: "the Company" means P. H. Industrials P.L.C. (previously called Dhamai Holdings P.L.C.), "Taddale" means Taddale Investments P.L.C., "Platonoff" means Platonoff & Harris Limited, "the Enlarged Group" means the Company and its present subsidiaries together with Platonoff.

This document includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to the Enlarged Group.

The Directors of the Company in office on 10th February, 1982 and the proposed Directors of the Company named below have taken all reasonable care to ensure that the facts stated herein, and in the Circular to shareholders dated 10th February, 1982, in regard to the Company and its subsidiaries on that date are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any such statement herein or therein, whether of fact or opinion. All such Directors accept responsibility accordingly.

The Directors of Taddale have taken all reasonable care to ensure that the facts stated herein, and in the above-mentioned Circular, in regard to Taddale and Platonoff are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any such statement herein or therein, whether of fact or opinion. *All the Directors of Taddale accept responsibility accordingly.*

Application has been made to the Council of The Stock Exchange for the Ordinary share capital of the Company already in issue and now to be issued to be admitted to the Official List.

On 8th February, 1982 the Company entered into a conditional agreement ("the Acquisition Agreement") to acquire from Taddale the whole of the issued share capital of Platonoff in consideration of the sum of £450,000 to be satisfied by the issue of 1,161,288 Ordinary Shares of 25p each in the Company, credited as fully paid. The Acquisition Agreement is now conditional only upon the granting by the Council of The Stock Exchange of the application referred to above. This document has been prepared on the basis that Platonoff has already become a wholly-owned subsidiary of the Company and that certain matters which have been agreed to take effect thereon or thereafter have already taken effect. Accordingly, unless the context otherwise requires, references herein to subsidiaries of the Company include Platonoff. Following completion of the Acquisition Agreement the present Directors will resign from office and the new Board of Directors will consist of the persons specified below. Save as the context otherwise requires, references herein to "the Directors" are references to the Board as so reconstituted.

P.H. INDUSTRIALS P.L.C.

(formerly Dhamai Holdings P.L.C.) (Registered in Scotland, No. 46664)

DIRECTORS

MICHAEL RICHARD CARLTON *(Chairman)*, Albert Lodge, 18 Victoria Grove, London W8 5RW.

TED PLATONOFF, 34 Westlands, Comberton, Cambridgeshire CB3 7EH.

JOHN ALAN HARRIS, 67 Long Road, Comberton, Cambridgeshire CB3 7DG.

ALAN RICHARD GALE, 47 Melbury Road, London W14 8AD.

ANTHONY ROBERT JOHN CARTWRIGHT, F.C.A., The Willows, Westcott Street, Westcott, Near Dorking, Surrey RH4 3NX.

DAVID WALSH, LLB, 33 Barn Hill, Wembley Park, Middlesex HA9 9LF.

SECRETARIES, REGISTRARS AND REGISTERED OFFICE

SCOTT-MONCRIEFF, THOMSON & SHIELLS, *Chartered Accountants*, 17 Melville Street, Edinburgh EH3 7PH.

SHARE CAPITAL

Authorised £		*Issued and now to be issued fully paid* £
21,750	**in 5 per cent. Cumulative Preference Shares of £1 each**	21,750
528,250	**in Ordinary Shares of 25p each**	486,072
£550,000		£507,822

BORROWINGS

On 1st march, 1982 the Enlarged Group had a secured term loan of £277,500 repayable by instalments over the period to 31st December, 1990, hire purchase commitments of £2,882 and a secured guarantee (to be released on completion of the Acquisition Agreement) of the bank indebtedness of the Taddale group which at the close of business on such date amounted to £1,632,852. Save as aforesaid and except for intra-group borrowings and guarantees, *no member of the Enlarged Group had at that date any loan capital outstanding or* created but unissued, or any borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, hire purchase commitments, or guarantees or other material contingent liabilities.

STOCKBROKERS

T. C. COOMBS & CO., 5-7 Ireland Yard, London EC4V 5EE, and at The Stock Exchange.
STERNBERG, THOMAS CLARKE & CO., Provincial House, 218-226 Bishopsgate, London EC2M 4QD, and at The Stock Exchange

BANKERS

NATIONAL WESTMINSTER BANK P.L.C., 130 High Street, Tonbridge, Kent TN9 1DE.
THE ROYAL BANK OF SCOTLAND LIMITED, St. Andrew Square Office, 36 St. Andrew Square, Edinburgh EH2 2YB.

SOLICITORS

To the Company:
FRERE CHOLMELEY, 28 Lincoln's Inn Fields, London WC2A 3HH.
LINDSAYS W. S., 1 Rothesay Terrace, Edinburgh EH3 7UP.
To Taddale:
DURRANT PIESSE, 73 Cheapside, London EC2V 6ER.

REPORTING ACCOUNTANTS AND AUDITORS TO THE COMPANY

CREASEY, SON & WICKENDEN, *Chartered Accountants*, 1 East Street, Tonbridge, Kent TN9 1HP.

HISTORY AND BUSINESS

1. The Company

The Company was incorporated in Scotland as a private company on 11th June, 1969 for the purpose of acquiring the whole of the issued share capital of The Dhamai Tea Company Limited, a public company incorporated in Scotland. The Company became a public company on *30th June, 1969 and was re-registered as a public limited company on 30th December, 1981.* Following this acquisition the portfolio of quoted investments belonging to the Dhamai Tea Company Limited was transferred to another wholly-owned subsidiary of the Company, Sonarupa Investments Limited.

The principal activity of The Dhamai Tea Company Limited was the operation of a tea planting business in Bangladesh. This business was run in a profitable manner until 1971 when Bangladesh seceded from Pakistan and although the plantations continued to make profits it became apparent that their continued profitable operation could not be sustained without the injection of fresh capital from the United Kingdom. In 1976 the tea planting business comprising the tea estates, equipment and stock were sold to a local purchaser for payment in Bangladesh currency and the assets of The Dhamai Tea Company Limited (renamed The Dhamai Tea Company P.L.C.) are now limited to cash balances which are subject to disputed tax claims in Bangladesh and to exchange control restrictions there.

The value of the portfolio of listed investments held by the Company and its then subsidiaries as at 31st October, 1981 was £252,250.

On 19th November, 1981 the listing of the share capital was temporarily suspended by the Council of The Stock Exchange at the request of the Company. Details of the proposed acquisition of Platonoff were sent to shareholders of the Company on 10th February, 1982 and at an Extraordinary General Meeting of the Company held on 5th March, 1982 resolutions were passed, *inter alia*, approving the acquisition, increasing the authorised share capital to £550,000, sub-dividing the Ordinary Shares into shares of 25p each and for the Company's name to be changed to "P. H. Industrials P.L.C.". This change of name became effective on the same date. Further details of the Acquisition Agreement are set out under "General Information" below.

2. Platonoff

Platonoff was incorporated in England as a private company on 10th October, 1957 and became a wholly-owned member of the Taddale group in May 1979.

Platonoff was originally engaged in the manufacture of high quality joinery for the building industry, the bulk of the work being carried out for building projects in and around the City of Cambridge. In the late 1960's the company expanded the scope of its business on the strength of its established workforce of craftsmen and the wide experience in the shopfitting and allied fields of Mr. T. Platonoff, who joined the company at that time. Since then, the company has increasingly concentrated on the production and installation of specialist joinery and metal and other fittings for shops, hotels, banks, offices, showrooms, museums and exhibitions. The company has undertaken work for leading hotels and retail stores in London, for embassies and for substantial commercial and professional firms. It is also a supplier to the Department of the Environment and a nominated sub-contractor for a number of leading companies.

A significant development since the late 1960's has been the introduction by the company of a high impact PVC faced door and frame specifically designed to be installed in places where a high standard of hygiene is required and where heavy usage would occur. These doorsets comply with the requirements of the Department of Health and Social Security and have been supplied to a number of large hospitals as well as to a number of laboratories and food preparation companies.

Platonoff operates from new purpose built factory and office premises in Cambridge with a total floor area of 20,700 square feet. These premises, which were acquired in October, 1981 from another member of the Taddale group, are held under a recently re-negotiated lease for 125 years from Cambridge City Council in favour of Platonoff at an initial annual ground rent of £5,500, subject to adjustment at 10 yearly intervals to 15 per cent. of the rack rent. Part of the office accommodation has been sub-let to another company in the Taddale group at an initial market rent of £4,050 per annum subject to review at 5 yearly intervals. A. J. Hines & Co., Surveyors and Valuers, have valued the premises on an open market basis as at 2nd February, 1982 in the sum of £530,000.

The company has some 45 employees, and labour relations are excellent. For the year ended 30th April, 1981 its turnover was £1,025,371. Since the company joined the Taddale group its annual pre-tax profits, before management charges, increased from £27,310 to £158,827.

DIRECTORS AND MANAGEMENT

Following completion of the acquisition of Platonoff, the Board of the Company will consist of Mr. M. R. Carlton, Mr. T. Platonoff, Mr. J. A. Harris, Mr. A. R. Gale, Mr. A. R. J. Cartwright and Mr. D. Walsh.

Mr. Carlton, aged 38, is the Chairman of Taddale and he will become chairman of the Board of the Company. He has been a Director of Taddale since 30th April, 1980, and has been involved in the management of Platonoff since February, 1978. He is a Director of Munton Brothers P.L.C., a listed company in which Taddale has a substantial shareholding.

Mr. Platonoff, aged 55, is the Managing Director of Platonoff and has been with that company for 15 years. He has been involved in the cabinet making and joinery industries throughout his working life. The subsidiary has effected term assurance on the life of Mr. Platonoff in the sum of £350,000.

Mr. Harris, aged 48, is the Works Director of Platonoff and has been with that company since 1972. He has been involved in the joinery industry throughout his working life.

Mr. Gale, aged 35, became a Director of Taddale in May, 1981 and was appointed Managing Director of that company in November, 1981. Over the previous fifteen years Mr. Gale had been employed by various organisations in the fields of investment analysis and financial management. *He will have particular responsibility for the Enlarged Group's corporate financial affairs.*

Mr. Cartwright, aged 42, is a Chartered Accountant and has been a Director of Taddale since May, 1979, where he is primarily concerned with financial control. Prior to 1979 he was in private practice and was the director of a listed company. He is also a Director of Munton Brothers P.L.C.

Mr. Walsh, aged 44, is a Solicitor, and has been a Director of Taddale since April, 1974. He will serve on the Board of the Company in a non-executive capacity.

Group policy and planning will be the responsibility of the Board of the Company, with the business operations of Platonoff under the immediate direction of its Managing Director. The other members of management have been with Platonoff for a number of years and include Mr. D. Thomas, aged 38, who is the Chief Estimator.

Details of Mr. Platonoff's and Mr. Harris' service agreements are set out under "General Information" below. It is not intended that any of the other Directors of the Company should have service contracts.

The Directors will be giving consideration to the introduction of a share option scheme for executives and employees of the Enlarged Group; details of which will be submitted to shareholders for their approval in due course.

ASSETS AND PROFITS

There is set out below a pro forma Statement of the Net Tangible Assets of the Enlarged Group which, on the basis mentioned therein, shows that the notional combined net assets are £638,414 which, after allowing for the Preference share capital, represents approximately 32p per Ordinary Share in the increased capital. This reflects the net assets of the Company and its subsidiaries (excluding Platonoff) as at 31st October, 1981 of £445,496 and the net tangible assets of Platonoff of £292,518 as at the same date, after deducting the estimated expenses of the *acquisition and the re-listing of the Company's Ordinary share capital and making the adjustments* shown in the notes to the Statement.

Further information is set out below regarding the results of the Company for the five years ended 31st December, 1980 and for the 10 months ended 31st October, 1981. The Accountants' Report below shows the results of Platonoff for the five years 10 months ended 31st October, 1981.

There is also included in the Accountants' Report a statement of the source and application of funds for Platonoff.

PROFIT FORECAST

The Directors consider that, in the absence of unforeseen circumstances, the combined profits, before tax, of the Enlarged Group for the financial period ending 30th April, 1982, will be *not less than £261,000.*

The foregoing forecast includes the anticipated results of Platonoff for the 12 months ending 30th April, 1982 and the results of the Company and its other subsidiaries for the 16 months ending on that date, and have been prepared on the basis of the following principal assumptions:—

(a) there will be no major disruption of production due to the interruption in the supply of raw materials or services or through industrial disputes;
(b) there will be no restriction on the free flow of imports in respect of raw material requirements;
(c) there will be no restriction on the free flow of goods or services in respect of export sales;
(d) there will be no material changes in legislation adversely affecting the Enlarged Group's products or markets in which it operates;
(e) the present level of interest rates will remain substantially unchanged;
(f) there will be no major escalation in the present rate of inflation in the United Kingdom.

The following are copies of letters received from Creasey, Son & Wickenden and from T. C. Coombs & Co. and Sternberg, Thomas Clarke & Co. in regard to the above profit forecast:—

The Directors,
P. H. Industrials P.L.C.,
17 Melville Street,
Edinburgh EH3 7PH.

Creasey, Son & Wickenden,
1 East Street,
Tonbridge,
Kent TN9 1HP.
8th March, 1982.

Gentlemen,

We have reviewed the accounting bases, assumptions and calculations for the combined profit forecast (for which the Directors of your Company and of Platonoff & Harris Limited are solely responsible) of P. H. Industrials P.L.C. and its subsidiaries and of Platonoff & Harris Limited (together "the Enlarged Group") for the financial period ending 30th April, 1982 contained in the Particulars dated 8th March, 1982.

In our opinion the profit forecast, so far as the accounting bases, assumptions and calculations are concerned, has been properly compiled on the footing of the assumptions made and is presented on a basis consistent with the accounting policies normally adopted by the Enlarged Group.

Yours faithfully,
CREASEY, SON & WICKENDEN,
Chartered Accountants.

The Directors,
P. H. Industrials P.L.C.,
17 Melville Street,
Edinburgh EH3 7PH.

T. C. Coombs & Co.,
5-7 Ireland Yard,
London EC4V 5EE.

Sternberg, Thomas Clarke & Co.,
Provincial House,
218-226 Bishopsgate,
London EC2M 4QD.
8th March, 1982.

Gentlemen,

We have discussed with you and the Directors of Platonoff & Harris Limited, and with Creasey, Son & Wickenden, the combined profit forecast of P. H. Industrials P.L.C. and its subsidiaries and of Platonoff & Harris Limited for the financial period ending 30th April, 1982, together with the assumptions on which it is based, set out in the Particulars dated 8th March, 1982. We consider that the profit forecast (for which the Directors of your Company and of Platonoff & Harris Limited are solely responsible) has been made after due and careful enquiry.

Yours faithfully,
T. C. COOMBS & CO. STERNBERG, THOMAS CLARKE & CO.

DIVIDENDS

Commencing with 1982 the Company will be adopting 30th April as the accounting date for the Enlarged Group. In the light of the above profit forecast, it would be the intention of the Directors to recommend a dividend on the increased Ordinary share capital of not less than 3.5p (net) per share for the financial period ending 30th April, 1982. If approved by the shareholders at the Annual General Meeting, this dividend is expected to be paid in October, 1982.

The fixed dividend on the Preference Shares will continue to be payable by half yearly instalments in December and June.

FUTURE PROSPECTS

Plans are now being drawn up to increase production capacity by the relocation of the architectural metal working department of Platonoff in other premises. The Directors will also be considering the possibility of the acquisition of other companies or businesses in similar or related fields.

Over the last five completed years the proportion of Platonoff's annual turnover attributable to orders from government departments has been on average approximately 25 per cent. and in the current year to April 1982 it is expected that this will rise to over 60 per cent. The planned expansion of the business to take advantage of the present unfulfilled demand for the company's products and services should lead to a reduction in the percentage attributable to government work. This additional unfulfilled demand is expected to cover the anticipated increased costs to be incurred in a full year resulting from the acquisition in October 1981 of the new Cambridge premises.

WORKING CAPITAL

Having regard to the confirmation received from National Westminster Bank P.L.C. that overdraft facilities of £150,000 will be made available to the Enlarged Group, the Directors are of the opinion that the Enlarged Group has sufficient resources to meet its present working capital requirements.

FINANCIAL INFORMATION RELATING TO THE COMPANY

1. Summary of Profit and Loss Accounts

The following is a summary of the consolidated results of the Company and its then subsidiaries for the five years ended 31st December, 1980 and for the 10 months ended 31st October, 1981, based on the audited consolidated profit and loss accounts.

	Notes	1976 £	1977 £	1978 £	1979 £	1980 £	10 months ended 31st October 1981 £
Net Trading Profit		282,489	—	—	—	—	—
Investment Income	(ii)	9,732	31,591	31,104	36,326	32,253	47,941
Management Expenses		(17,731)	(18,337)	(9,379)	(15,649)	(14,278)	(13,781)
Profit Before Tax		254,490	13,254	21,725	20,677	17,975	34,160
Taxation	(iii)	(23,545)	(12,828)	(10,940)	(20,371)	(8,596)	(17,783)
Profit After Tax		230,945	426	10,785	306	9,379	16,377
Exchange Adjustments and Extraordinary Items	(iv)	(31,623)	(10,491)	—	(4,574)	—	—
Dividends		(20,337)	(8,592)	(8,592)	(8,592)	(8,592)	—
Profit/(Loss) for Period		£178,975	(£18,657)	£2,193	(£12,860)	£787	£16,377

2. Summary of Balance Sheet

The following is a summary of the audited consolidated balance sheet of the Company and its then subsidiaries as at 31st October, 1981.

	Notes	£
Investments at Market Value	(ii)	252,250
A.C.T. Recoverable		2,570
Bank Balances and Deposits		326,971
		581,791
Creditors and Tax Payable	(iii)	136,295
Net Assets	(v)	£445,496
Represented by:		
5 per cent. Cumulative Preference Shares of £1		21,750
Ordinary Shares of £1		195,750
Share Capital		217,500
General Reserve		227,996
		£445,496

3. Notes to Financial Information

(i) *Accounting Policies*
Transactions in Bangladesh have been translated at the rates ruling at the balance sheet dates. The rate used at 31st October, 1981 was 35.4 Takas per £1.

(ii) *Investment Income*
Income derives from the group's listed investments and deposits in the United Kingdom and from deposits in Bangladesh.

(iii) *Taxation*
Tax is payable on overseas net profits at the rate of 60 per cent. and at 40 per cent. on profits derived from the United Kingdom. The charge for tax for the period ended 31st October, 1981 is as follows:—

	£
Tax on franked investment income	1,919
Overseas tax	14,796
Corporation Tax	1,068
	£17,783

Provision of £104,810 has been made for a disputed liability to Bangladesh tax on capital gains and clawback of capital allowances resulting from the sale of the tea gardens. This liability was debited to reserves in 1976. In addition a further £30,438 has been provided in respect of Bangladesh income tax relating to the years 1975/76 to the current date. The final assessments have yet to be agreed. In February, 1982, the Company was informed that additional assessments for the years from 1976/79 might be made on the basis of present information the former Directors of the Company estimate that any such additional liability should not exceed £10,000.

No provision has been made for the contingent liability to tax on unrealised capital gains, which liability amounted to approximately £36,000 at 31st October, 1981.

(iv) *Exchange Adjustments and Extraordinary Items*
These have arisen from the write-off of valueless overseas investments, the profit or loss on the translation of net current assets and post cessation tea trading expenses.

(v) *Remittances*
The net assets in Bangladesh amounted to £193,154 and their remittance from that country is subject to exchange control regulations. No remittances of profits in respect of the 5 years 10 months to 31st October, 1981 have been received in the United Kingdom.

ACCOUNTANTS' REPORT RELATING TO PLATONOFF

The following is a copy of a report on Platonoff received from Creasey, Son & Wickenden, Chartered Accountants.

The Directors,
P. H. Industrials P.L.C.,
17 Melville Street,
Edinburgh EH3 7PH.

T. C. Coombs & Co.,
Sternberg, Thomas Clarke & Co.,
c/o 5-7 Ireland Yard,
London EC4V 5EE.

Creasey, Son & Wickenden,
1 East Street,
Tonbridge,
Kent TN9 1HP.

8th March, 1982.

Gentlemen,

We have examined the audited accounts of Platonoff & Harris Limited ("Platonoff") for the five years ten months to 31st October, 1981. We have acted as auditors of Platonoff for all periods of account, except for the twelve months ended 8th January, 1977, these accounts having been audited by another firm of Chartered Accountants.

The summarised profit and loss accounts, balance sheet and statements of source and application of funds of Platonoff set out below are based on the audited accounts after making such adjustments as we consider appropriate. They have been prepared under the historical cost convention. The current cost accounts in respect of the eighteen months to 31st October, 1981 are also included.

1. Accounting Policies

(a) *Deferred Taxation*
There is a liability to taxation of approximately £200,000 which has been deferred as a result of claiming capital allowances and industrial buildings allowance on fixed assets in advance of a charge for depreciation in the accounts, but the Directors are of the opinion that no liability is likely to arise from a reversal of these timing differences in the foreseeable future and, consequently, no provision has been made. As a result of the new stock relief provisions, no deferred taxation liability arises in connection with stock relief claimed up to 31st October, 1981.

(b) *Depreciation*
Depreciation is calculated to write off the cost of all assets by equal annual instalments over their estimated useful lives at the following rates per annum:

Improvements to Long Leasehold Property	2 per cent.
Plant and Equipment	10 per cent.
Motor Vehicles	20 per cent.
Fixtures and Fittings	10 per cent.

It will be the Company's policy to depreciate the long leasehold property at the rate of 2 per cent. per annum, *but as the purchase of this property had not been completed on 31st October, 1981, no depreciation* has been provided.

(c) *Stock and Work in Progress*
Stock of materials is valued at the lower of cost and net realisable value. Work in progress is valued at the direct cost of materials, labour and attributable overheads less any foreseeable losses except for contracts which are substantially complete and to which an estimate of profit has been added. Payments receivable on account of work done are deducted from the value arrived at on the above basis.

2. Profit and Loss Accounts

A summary of the profit and loss accounts of Platonoff for the five years ten months ended 31st October, 1981 is set out below:

	Note	Year ended 8th January 1977 £	16 months ended 30th April 1978 £	Year ended 30th April 1979 £	Year ended 30th April 1980 £	Year ended 30th April 1981 £	6 months ended 31st October 1981 £
Turnover	(i)	501,534	765,555	617,412	921,891	1,025,371	612,327
Cost of Sales	(ii)	442,952	704,504	594,080	807,679	890,177	525,339
Operating Profit		58,582	61,051	23,332	114,212	135,194	86,988
Other Income		—	2,793	3,978	13,308	23,633	5,257
Profit before Taxation		58,582	63,844	27,310	127,520	158,827	92,245
Taxation	(iii)	27,783	39,992	17,604	32,797	48,238	17,350
Profit after Taxation		30,799	23,852	9,706	94,723	110,589	74,895
Dividends	(iv)	—	—	—	100,000	120,000	—
Amount transferred to or from Reserves		£30,799	£23,852	£9,706	(£5,277)	(£9,411)	£74,895

Notes to the Profit and Loss Accounts

(i) *Turnover*
Turnover represents the total amount receivable by Platonoff in the ordinary course of business for goods supplied as a principal and for services provided.

(ii) *Cost of Sales includes:*

	Year ended 8th January 1977 £	16 months ended 30th April 1978 £	Year ended 30th April 1979 £	Year ended 30th April 1980 £	Year ended 30th April 1981 £	6 months ended 31st October 1981 £
Directors' emoluments	19,905	23,860	22,079	31,694	36,300	20,962
Depreciation	2,077	1,594	1,079	1,857	3,485	5,701
Auditors' remuneration	1,100	2,250	2,000	2,000	3,250	2,080
Leasing and hire charges	5,883	13,437	7,824	12,002	13,911	7,976
Interest payable	2,098	779	971	880	1,577	587

(iii) *Taxation*
Corporation tax liabilities have been calculated on the adjusted profit figures and on the basis that no group relief is available.

(iv) *Dividends*
The dividend shown in the accounts for the year ended 30th April, 1980 is equivalent to £2 per share on the 50,000 Ordinary Shares of Platonoff and in the year ended 30th April, 1981 is equivalent to £2.40 per share.

3. Balance Sheet

The balance sheet of Platonoff at 31st October, 1981 is set out below:

	Notes	£	£
FIXED ASSETS	(i)		686,953
CURRENT ASSETS			
Group Companies	(ii)	99,358	
Stock and Work in Progress	(iii)	162,781	
Debtors and Prepayments		169,160	
Bank Balances and Cash		469	
		431,768	
CURRENT LIABILITIES			
Creditors and Accruals		578,084	
Hire Purchase Contract		3,939	
Taxation		3,200	
Bank Overdraft (secured)	(iv)	5,980	
		591,203	
NET CURRENT LIABILITIES			(159,435)
			527,518
LONG TERM LOAN	(v)		235,000
NET ASSETS			£292,518
SHARE CAPITAL			50,000
RESERVES—RETAINED PROFITS			242,518
SHAREHOLDERS' FUNDS			£292,518

Notes to the Balance Sheet

(i) *Fixed Assets*

	Cost £	Depreciation £	Book Value £
Long Leasehold Property	545,000	—	545,000
Improvements to Long Leasehold Property	62,380	624	61,756
Plant and Equipment	84,749	19,542	65,207
Motor Vehicles	11,728	4,299	7,429
Fixtures and Fittings	8,276	715	7,561
	£712,133	£25,180	£686,953

(ii) *Group Companies*
The amount due by Group companies principally arises as a result of inter-group banking arrangements. This amount is to be repaid on 1st May, 1982.

(iii) *Stock and Work in Progress*

	£
Stock of Materials	46,957
Work in Progress	1,236,927
Less: Progress payments	(1,121,103)
	£162,781

(iv) The bank overdraft is secured by a debenture issued by Platonoff over its assets.

(v) *Long Term Loan*
This loan has been granted by Industrial and Commercial Finance Corporation Limited by a letter dated 25th January, 1982. The loan will be for a period of 9 years repayable by half-yearly instalments. The loan will be secured on the long leasehold property and carries interest at a rate of 17.5 per cent. per annum.

(vi) At 31st October, 1981, Platonoff had jointly and severally guaranteed the bank overdrafts of certain companies within the Taddale Investments group. The total overdraft of the companies concerned within the group at that date amounted to £1,466,083. Platonoff's bankers have confirmed that upon the acquisition becoming unconditional it will be released from the guarantee.

APPOINTMENTS

Changes at BBI

Following the appointment of Mr Brian Pearse as a general manager and chief executive officer of BARCLAYS BANK INTERNATIONAL, New York (see Appointments column, March 5), Mr Richard Carden, who currently holds the New York post, will return to London on January 1 to become a general manager of BBI. Mr Michael Morris, at present seconded to BBI, will succeed Mr Pearse as a general manager of Barclays Bank on October 1.

★

Mr D. C. Eley has been appointed to the Board of P. S. REFSON AND CO, wholly-owned subsidiary of P. S. Refson and Co. (Holdings).

★

SCANDINAVIAN BANK GROUP has appointed Mr Karl-Johan Sallner to be head of its new forest industry department. Mr Sallner joins Scandinavian Bank from Skopbank where he was UK representative since 1979.

★

Mr John Glanvill Smith has been appointed chairman and chief executive of CLARKSON PUCKLE MARINE HOLDINGS and a director of CLARKSON PUCKLE GROUP.

★

Mr David Serr has been appointed a director of BROWN & JACKSON LTD. He will continue as managing director of Honeysuckle Fashions, a member of the Brown & Jackson Group. Mr Peter Palmer has also been appointed a director of Brown & Jackson Ltd.

★

Mr Edgar (Ted) Brown and Mr Graham Clark have been appointed directors of VINE PRODUCTS. Mr Brown has become Group services director and Mr Clark finance director.

★

Mr L. J. Holland has been appointed sales director of TAME VALLEY ALLOYS and Mr S. Gilliver has been appointed managing director of WILNECOTE CASTINGS. Both companies are members of Tom Martin Metals Group.

★

Mr J. V. P. O'Connor and Mr R. E. Mobsby have been appointed to the board of LYON LOHR HOLDINGS and Mr D. D. Barder to the board of LYON DE FALBE INTERNATIONAL.

★

AB ELECTRONIC PRODUCTS GROUP has appointed Mr Francis E. S. Hayes as a non-executive director. He is chairman of the Gresswell group, and has other business interests in the Midlands.

★

TAYLOR INSTRUMENT COMPANY, Rochester, New York, a subsidiary of the Sybron Corporation, has appointed Mr Robert G. Robertson as vice-president, international business development, based in London. Mr Richard H. Rosenbloom is appointed vice-president, European operations and managing director of Taylor Instrument, Stevenage. He joins Taylor's European operations from the Sybron Corporation, where he was financial executive, operations planning and analysis.

★

Mr E. John Webster has been appointed managing director and chief executive of the ABMTM sub-group (formerly known as Associated British Machine Tool Makers) as part of a major reorganisation at director level within the privately-owned West Midland Edward Williams Holdings Industrial Group.

★

Mr John Halbert has resigned his executive duties and has become president of the ABMTM Group and will act as adviser to the parent company, Edward Williams Holdings on commercial development. He remains a non-executive director of both ABMTM (Holdings) and ABMTM. Mr Brian Williams, chairman of Edward Williams Holdings, has assumed chairmanship of all ABMTM companies and the holdings company's chief executive, Mr John Standish, has become deputy chairman. Mr Ken Ormson continues as UK sales director, machine tools division and Mr Horace Morgan as commercial director.

★

NATIONWIDE BUILDING SOCIETY has appointed Mr John Page a director from April 1. He retired recently as executive director of the Bank of England. He was chief cashier from 1970-1980. He will be joining the board of the Agricultural Mortgage Corporation on April 1 with a view to becoming chairman later this year.

★

Mr Simon Newman has joined the MANUFACTURERS LIFE INSURANCE COMPANY (MANULIFE) as sales development manager.

★

Mr Adrian Ham has been appointed general sales manager for ALCAN EXTRUSIONS, Banbury.

★

Mr A. W. Twiston Davies has been appointed an executive director of F. AND C. MANAGEMENT, the management company of the F. and C. Group.

★

Captain D. P. Hopkins has been appointed to the board of BRITANNIA AIRWAYS as flight operations director. He joined Britannia Airways in 1966 after serving with both BWIA and BEA, and has been chief pilot since December 1976. Captain B. S. Grieve, deputy chief pilot, has been appointed chief pilot.

★

Mr Vic Law has been appointed managing director of the COMPTON WEBB GROUP'S Scottish division, which includes Manclark and Son, Moore Taggart and Co. and Jeltek Weatherguard. Mr Ian Smyth, who was previously managing director of Jeltek Weatherguard, is now assistant managing director of the Scottish division. Mr Bill Taggart has been appointed managing director of J. Compton, Sons and Webb.

★

The DISTILLERS COMPANY has made the following appointments from May 1: Mr Michael B. Henderson will be chairman of John Haig and Co., and Mr James A. Wolfe Murray will succeed him as managing director. Mr Ian Ross, senior export director of White Horse Distillers will succeed Mr Wolfe Murray as managing director of the Macdonald Greenlees group.

★

BEATSON CLARK has appointed Mr Peter Moran and Mr Bernard Smith as directors. Both Mr Moran and Mr Smith were formerly departmental directors of the company.

★

Mr D. S. Hancocks is to be appointed BURMAH-CASTROL director, lubricants marketing, on April 1.

★

Mr Robert A. Calder has been appointed managing director of INTERNATIONAL HARVESTER COMPANY OF GREAT BRITAIN. He replaces Mr Roy Shephard who leaves the company. Mr Calder, a Canadian, was director, sales operations, construction equipment based at the company's Paris headquarters for Europe, Africa and the Middle East.

★

NEWEY AND EYRE INTERNATIONAL has appointed Mr Peter Houldsworth as managing director. He was formerly director in charge of the UK export and Middle East operations. Mr R. E. Schirrmacher—former managing director—has left the company.

★

Mr Chris Turner has joined TRANSDUCERS (CEL) (a Unitech Group company) as managing director. Previously he was assistant managing director and marketing director of Marconi Electronic Devices.

Page 2.

4. Statements of Source and Application of Funds

A summary of the source and application of funds of Platonoff for the five years ten months ended 31st October, 1981 is set out below:

	Year ended 8th January 1977	16 months ended 30th April 1978	Year ended 30th April 1979	Year ended 30th April 1980	Year ended 30th April 1981	6 months ended 31st October 1981
	£	£	£	£	£	£
Source of Funds						
Profit before Taxation	58,582	63,844	27,310	127,520	38,827	92,245
Adjustment for items not involving the movement of funds:						
Depreciation	2,077	1,594	1,079	1,857	3,485	5,701
Profit on sale of Fixed Assets	—	(1,010)	—	—	—	—
Total generated from business operations	60,659	64,428	28,389	129,377	42,312	97,946
Hire Purchase raised	4,690	—	—	9,464	—	—
Sale of Fixed Assets	—	2,663	—	—	—	—
Long Term Loan	—	—	—	—	—	235,000
	65,349	67,091	28,389	138,841	42,312	332,946
Application of Funds						
Investment in Fixed Assets	10,233	—	—	11,728	63,029	616,222
Hire Purchase repaid	—	3,362	1,681	788	3,154	1,583
Dividends paid	—	—	—	—	100,000	—
	10,233	3,362	1,681	12,516	166,183	617,805
	£55,116	£63,729	£26,708	£126,325	(£123,871)	(£284,859)
Changes in Working Capital						
Increase (Decrease) in:						
Group Companies	(17,646)	103,714	43,060	96,877	(67,795)	6,154
Stock and Work in Progress	11,179	(11,780)	(4,875)	72,442	74,631	(89,852)
Debtors and Prepayments	42,640	(23,115)	11,250	(11,844)	27,454	72,411
Decrease (Increase) in:						
Creditors and Accruals	(2,172)	(3,099)	4,380	(65,446)	(55,484)	(367,556)
Movement in Net Liquid Funds:						
Bank and Cash	21,115	(1,991)	(27,107)	34,296	(102,677)	93,984
	£55,116	£63,729	£26,708	£126,325	(£123,871)	(£284,859)

5. Current Cost Balance Sheet

The current cost balance sheet of Platonoff at 31st October, 1981 is set out below:

	Notes	£	£
FIXED ASSETS	(i)		695,536
CURRENT ASSETS			
Stock			47,053
Monetary working capital			24,900
Total Working Capital			71,953
Other current assets less liabilities		(228,092)	
Taxation		(3,200)	(231,292)
			(159,339)
			536,197
LONG TERM LOAN			235,000
NET ASSETS			£301,197
SHARE CAPITAL			50,000
RESERVES	(ii)		251,197
SHAREHOLDERS' FUNDS			£301,197

6. Current Cost Profit and Loss Accounts

The current cost profit and loss accounts of Platonoff for the year ended 30th April, 1981 and the six months ended 31st October, 1981 are set out below:

	Notes	Year ended 30th April 1981	6 months ended 31st October 1981
		£	£
TURNOVER		1,025,371	612,327
PROFIT BEFORE INTEREST AND TAXATION AS IN HISTORICAL COST ACCOUNTS		16,771	87,575
Current cost operating adjustments	(iv)	1,224	3,899
CURRENT COST OPERATING PROFIT		15,547	83,676
Interest receivable less payable		22,056	4,670
CURRENT COST PROFIT BEFORE TAXATION		37,603	88,346
Taxation		—	3,200
CURRENT COST PROFIT TRANSFERRED TO RESERVES		£37,603	£85,146

7. Notes to Current Cost Accounts

(i) **Accounting Policies**

(a) *General description of Current Cost Accounts*

The current cost accounts set out above have been prepared in accordance with Statement of Standard Accounting Practice Number 16. The current cost system, while not a system of accounting for general inflation, allows for price changes specific to the business when reporting assets employed and profits thereon.

The current cost operating profit is the surplus before interest and taxation arising from the ordinary activities of the business in the period. It is determined after allowing for the impact of price changes on the funds needed to maintain the productive assets of the business but does not take into account the way in which these assets are financed.

In the balance sheet, fixed assets and stock are included at their current cost (net of depreciation on fixed assets).

(b) *Fixed assets and depreciation*

The gross current cost of fixed assets has been derived as follows:

Improvements to long leasehold property, plant and equipment, fixtures and fittings and motor vehicles have been restated using appropriate government indices applied to the historical costs.

Asset lives have been reviewed on the introduction of current cost accounting and the existing asset lives were found to be adequate.

Total depreciation charged in the current cost profit and loss account represents the average current cost of the proportion of fixed assets consumed in the period. The depreciation adjustment of £917 is the difference between the depreciation charge in the historical cost and current cost accounts.

No depreciation has been charged in respect of the long leasehold property in either the historical cost or current cost accounts on the basis that the purchase was not completed until after the end of the period. For this reason, the balance of purchase consideration due has been eliminated from net borrowing in computing the gearing adjustment which, in the event, does not arise as the company is wholly financed by shareholders' interest.

(c) *Working capital*

This includes stock, work in progress, and trade debtors less trade creditors.

In order to allow for the impact of price changes on working capital, two adjustments are made to the operating costs calculated on the historical cost basis, one on stock and the other on monetary working capital. The adjustments are based on movements in price indices which reflect closely the changes in input prices experienced by the company.

(d) *Other accounting policies*

Except as set out above, the policies used in the current cost accounts are the same as those used in the historical cost accounts.

(ii) **Fixed Assets**

	Gross current cost	Accumulated depreciation	Net current cost
	£	£	£
Long leasehold property	545,000	—	545,000
Improvements to long leasehold property	63,314	633	62,681
Plant and equipment	133,423	62,801	70,622
Fixtures and fittings	10,206	2,475	7,731
Motor vehicles	15,000	5,498	9,502
	£766,943	£71,407	£695,536

(iii) **Reserves**

	Total	Current cost (Note (v))	Retained profits
	£	£	£
At 1st May, 1981	159,441	7,192	152,249
Transferred from current cost profit and loss account	85,146		85,146
Movements on current cost reserve for the period	6,610	6,610	—
	£251,197	£13,802	£237,395

(iv) **Current Cost Operating Adjustments**

The following adjustments have been made in arriving at the current cost operating profit for the period:

	£	£
Working Capital:		
Cost of sales		415
Monetary working capital		2,567
		2,982
Fixed Assets:		
Depreciation		917
		£3,899

(v) **Analysis of Current Cost Reserve**

	£	£
Balance at 1st May, 1981		7,192
Change in unrealised and revaluation surpluses:		
Improvements to Long Leasehold Property	614	
Plant and Equipment	1,340	
Fixtures and Fittings	(73)	
Motor Vehicles	757	
Stock	73	2,711
Current cost operating adjustments (Note (iv))		3,899
		£13,802

The current cost reserve incorporates adjustments made since the adoption of current cost accounting on 1st May, 1980.

8. We are of the opinion that the financial statements within this Report give a true and fair view of the state of the affairs of Platonoff at 31st October, 1981 and of the results and source and application of funds for the periods ended on that date. In addition the abridged supplementary current cost accounts have been properly prepared in accordance with the policies and methods described to give the information required by Statement of Standard Accounting Practice Number 16.

Yours faithfully,
CREASEY, SON & WICKENDEN,
Chartered Accountants.

PRO FORMA STATEMENT OF THE NET TANGIBLE ASSETS OF THE ENLARGED GROUP

The following statement is based on the audited consolidated balance sheet of the Company and its then subsidiaries as at 31st October, 1981 and the audited balance sheet of Platonoff as at that date.

	£	£
Fixed Assets		680,953
Net Assets blocked in Bangladesh		193,154
Current Assets		
Stock and Work in Progress	162,781	
Debtors and Prepayments	175,896	
Bank Balances and Cash	353	
	339,030	
Current Liabilities		
Hire Purchase Contract	3,939	
Creditors and Accruals	238,984	
Taxation	3,200	
	246,123	
Net Current Assets		92,907
		973,014
Long Term Loan		235,000
		738,014
Deduct costs of acquisition and re-listing		99,600
Net Tangible Assets		£638,414

The above pro forma statement reflects the following adjustments to the above mentioned balance sheets:

(i) The sale of the listed securities at the sum of £252,250, being the market value at 31st October, 1981, applied in reduction of creditors.

(ii) The separate statement of blocked net assets in Bangladesh referred to in Note 3 (v) to "Financial Information Relating to the Company" set out above.

(iii) The settlement of the group company indebtedness to Platonoff.

GENERAL INFORMATION

1. Directors' and Other Interests

(a) At 10th February, 1982 the interests of the then Directors in the Company's share capital were as follows:

		Beneficial and Family Interest	As Joint Trustees
P. N. R. Harding-Edgar	Preference	1,350	3,125
	*Ordinary	660	27,176
J. D. M. Watson	Preference	100	3,125
	*Ordinary	4,500	27,176
G. R. Simpson	*Ordinary	250	—

*Shares of £1 each.

(b) At 10th February, 1982 there were the following shareholdings in excess of 5 per cent. of the issued share capital:

	*Ordinary	Preference
Mrs. J. M. F. Fraser	12,926	3,125
Mrs. G. Harding-Edgar	—	1,350
Mrs. D. M. Harris	16,855	—
The Marriage Contract Trustees of Mr. and Mrs. D. A. C. Keatings	—	3,000
C. G. Mankelow	—	4,450
Mrs. B. V. Nelson	—	1,440
I. M. Russell	15,535	—
The Testamentary Trustees of the late Sir J. A. Russell	15,000	—
J. S. Russell	15,535	—
Mrs. M. Russell	—	2,000

*Shares of £1 each.

Following completion of the Acquisition Agreement there will be no shareholdings in excess of 5 per cent. of the issued Ordinary share capital other than the holding of Taddale which as a result of the placing arrangements mentioned below will consist of 777,715 Ordinary Shares of 25p each.

(c) Mr. M. R. Carton is beneficially interested in 40.2 per cent. of the Ordinary capital of Taddale.

(d) Under the placing arrangements referred to in paragraph 3 below, Mr. M. R. Carlton and Mr. A. R. Gale will be purchasing 20,000 and 30,000 Ordinary Shares of 25p each respectively in the Company at the price therein mentioned.

(e) Mr. D. Walsh is a partner of Brecher & Co. who will be receiving a fee in connection with the acquisition by Platonoff of the leasehold property at Cambridge.

(f) Save as disclosed above, no Director or proposed Director has or has had any interest in any assets which have been within the last two years acquired or disposed of by or leased to the Company or any of its subsidiaries. Except for the service agreements mentioned below, there are no contracts or agreements in which a Director is materially interested and which are materially significant in relation to the businesses of the Company and its subsidiaries taken as a whole.

2. Acquisition Agreement

The Acquisition Agreement was entered into on 8th February, 1982 between Taddale, the Company and the then Directors of the Company and provides for the acquisition by the Company of the whole of the issued share capital of Platonoff with all rights attaching thereto for the sum of £450,000 to be satisfied by the issue to Taddale and its nominee shareholders in Platonoff of a total of 1,161,288 Ordinary Shares of 25p each in the Company credited as fully paid up and ranking pari passu in all respects with the existing Ordinary Shares. Provision is made in the Acquisition Agreement for common form warranties and indemnities by Taddale in relation to Platonoff, including indemnities in respect of any taxation liability falling on Platonoff.

3. Placing Arrangements

Under an Agreement dated 3rd March, 1982, T. C. Coombs & Co. and Sternberg, Thomas Clarke & Co. have jointly and severally agreed, subject to the Acquisition Agreement becoming unconditional in all respects, to purchase or procure the purchase from Taddale at the price of 38.75p per share of 383,573 Ordinary Shares of 25p each in the Company falling to be issued to Taddale as part of the consideration under the Acquisition Agreement. The brokers' commission, stamp duty and other expenses, including VAT, in connection with the Agreement are payable by Taddale. No part of the proceeds of this placing would accrue to the Company.

4. Subsidiaries

The Company will, upon completion of the acquisition of Platonoff, have the following subsidiaries, all of which being wholly-owned:

Name	Date and Country of Incorporation	Issued Share Capital
Platonoff	10th October, 1957: England	50,500 Ordinary Shares of £1 each
Sonarupa Investments Limited	9th July, 1969: Scotland	50 Ordinary Shares of £1 each
The Dhamai Tea Company P.L.C.	10th September, 1894: Scotland	21,750 Preference Shares of £1 each and 195,750 Deferred Shares of £1 each.

5. Articles of Association

At the Extraordinary General Meeting on 5th March, 1982, the Company adopted new Articles of Association which contain, *inter alia*, provisions to the following effect:

(a) *Class Rights*

The holders of the Preference Shares are entitled out of the net profits to a fixed cumulative preferential dividend at the rate of 5 per cent. per annum, but have no further right to participate in profits. On a return of capital the holders of the Preference Shares have the prior right to receive all arrears of the fixed cumulative preferential dividend, whether earned or declared or not, and the amount paid up on such shares (or a proportionate part thereof on a partial return of capital) and the surplus assets belong to the holders of the Ordinary Shares. The rights attaching to the Preference Shares are not deemed to be altered by the creation or issue of further shares ranking pari passu with, but not in priority to, the Preference Shares. Such rights are deemed to be varied by, *inter alia*, any alteration in the Company's objects or any increase in the Directors' borrowing powers.

(b) *Voting*

On a show of hands every member present in person shall have one vote and on a poll every member present in person or by proxy shall have two votes for every Preference Share held by him and one vote for every Ordinary Share held by him.

(c) *Variation of Class Rights*

The rights attached to any class of shares may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of three-fourths of the issued shares of the class, or with the sanction of an Extraordinary Resolution passed at a separate meeting of the holders of the shares of the class. To every such separate meeting all the provisions of the Articles as to general meetings of the Company shall, *mutatis mutandis*, apply, except that the necessary quorum shall be two persons at least holding or representing by proxy one-third in nominal amount of the issued shares of the class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those holders who are present shall be a quorum), that any holder of shares of the class present in person or by proxy may demand a poll and that the holders of shares of the class shall, on a poll, have one vote in respect of every share of the class held by them respectively.

(d) *Directors*

(i) No share qualification is required for Directors.

(ii) The Directors shall be entitled to such fees not exceeding in any one case £2,000 per annum as the Directors may determine.

(iii) A Director shall not vote (or be counted in a quorum) in respect of any contract or arrangement in which he is interested, but this prohibition shall not apply in regard to:

(a) the giving of any security or indemnity to the Director in respect of any money lent or obligations undertaken by him at the request of or for the benefit of the Company or any of its subsidiaries;

(b) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director himself has assumed responsibility;

(c) the underwriting of any shares or debentures of the Company or any of its subsidiaries by the Director;

(d) any contract or arrangement with any other company in which the Director is interested as an officer or shareholder or otherwise provided that he is not interested in 1 per cent. or more of the equity share capital of such company or of the voting rights available to members of the relevant company;

(e) the adoption, modification or operation of a superannuation fund or retirement benefits scheme under which the Director may benefit and which has been approved by the Inland Revenue for taxation purposes.

The foregoing prohibition may be suspended or relaxed by the Company in general meeting.

(iv) Where proposals are under consideration concerning the appointment (including fixing or varying the terms thereof) of two or more Directors to any office under the Company or any company in which the Company is interested, such proposals may be considered in relation to each Director separately and in such case each of the Directors concerned (if not debarred by the proviso to this paragraph (iii) above) may vote and be counted in the quorum in relation to each resolution except that concerning his own appointment.

(e) *Borrowing Powers*

The Directors shall restrict the borrowings of the Company and exercise all voting and other powers of control exercisable by the Company in relation to subsidiaries so as to secure that the aggregate amount for the time being undischarged of amounts borrowed by the Company and/or its subsidiaries (excluding intra-group borrowings) shall not at any time, without the consent of the Company in general meeting, exceed a sum equal to four times the aggregate of the paid up share capital of the Company and the capital and revenue reserves of the Company and (so far as it is attributable to the Company) of its subsidiaries, all as shown in a consolidation of the latest audited balance sheets of the Company and its subsidiaries but after:

(i) making adjustments in respect of any variation in the share capital or capital reserves since the balance sheet date and so that for this purpose an issue of shares of the Company for cash which has been underwritten shall in certain specified circumstances be deemed to have been made and any amount (including premium) of the subscription monies shall be deemed to have been paid up when the shares were underwritten;

(ii) deducting any debit balance on profit and loss account and any amount attributable to goodwill;

(iii) excluding amounts set aside for taxation;

(iv) deducting any dividend out of profits earned prior to the balance sheet date and, except insofar as provided for in the balance sheet, declared, recommended or paid since that date; and

(v) making such other adjustments as the Auditors consider appropriate.

The expression "amounts borrowed" is defined so as to include the principal amount of any debenture, the amount of acceptance credits (other than in relation to the sale of goods in the ordinary course of business) and guarantees, and so as to exclude, *inter alia*, borrowings effected to repay existing borrowings and used within a period of three months and, for a period of twenty-four months from the date of its becoming a subsidiary, amounts borrowed by a subsidiary at such date.

(f) Section 185 of the Companies Act 1948 relating to the retirement of Directors attaining the age of 70 years does not apply to the Company.

6. Other Information

(a) The Company was informed in October 1980 of the Bangladesh tax authorities' intention to carry out an investigation into the alleged illegality of the sale of the tea plantations by the Dhamai Tea Company P.L.C. on the basis that the sale price was substantially higher than that disclosed to the authorities. No details have so far been submitted to the Company and the allegation, which in the view of the former Directors of the Company is quite unfounded. In addition, appeal proceedings by the Company are outstanding in respect of the disputed liabilities to Bangladesh tax resulting from the sale of the tea plantations and Bangladesh income tax. The provision of £135,248 made in the audited accounts of the Company for these liabilities may have to be increased by an estimated £10,000 in the light of a report received by the Company that additional Bangladesh tax assessments might be made; subject to any such increase the former Directors believe the tax provision to be adequate. Save as disclosed, the Directors are not aware of any litigation or claims of material importance pending or threatened against the Company or any of its subsidiaries.

(b) The following contracts have been entered into (otherwise than in the ordinary course of business) within the two years preceding the date of this document and are or may be material:

(i) Service Agreement dated 1st September, 1981 between Platonoff and Mr. T. Platonoff under which Mr. Platonoff was employed as an executive director for a period of three years from 1st May, 1981 at a salary of £15,000 per annum (renewable annually) plus a commission at the rate of 3.75 per cent. of the net trading profits of Platonoff in each financial year;

(ii) Service Agreement dated 1st September, 1981 between Platonoff and Mr. J. A. Harris under which Mr. Harris was employed as an executive director for a period of three years from 1st May, 1981 at a salary of £12,418 per annum (renewable annually) plus a commission at the rate of 2.5 per cent. of the net trading profits of Platonoff in each financial year;

(iii) Agreement dated 29th October, 1981 between Taddale Properties Limited (a member of the Taddale group) and Platonoff under which Platonoff purchased the leasehold factory and office premises at Nuffield Road, Cambridge, for the sum of £530,000;

(iv) Lease dated 1st February, 1982 between the City of Cambridge and Platonoff, being the lease in respect of Platonoff's factory and office premises on the terms referred to above;

(v) Sub-lease dated 1st February, 1982 between Platonoff and Taddale Properties Limited, being the sub-lease of part of the office accommodation in Platonoff's premises on the terms referred to above;

(vi) Legal charge dated 1st February, 1982 in favour of Barclays Bank Limited, whereby Platonoff charged its Cambridge premises to secure its liabilities to that Bank;

(vii) Loan Agreement dated 1st February, 1982 between Platonoff, Taddale, Taddale Holdings Limited and Industrial and Commercial Finance Corporation Limited ('ICFC') governing a loan from ICFC to Platonoff of £227,500 repayable by 15 instalments over the period to December 1990 and carrying interest at the rate of 17.5 per cent. per annum;

(viii) Mortgage dated 1st February, 1982 under which Platonoff charged its Cambridge premises to secure the above loan from ICFC;

(ix) the Acquisition Agreement.

(c) On 11th November, 1981 Platonoff issued Ordinary Shares of a nominal amount of £500 credited as fully paid up by way of capitalisation of reserves. Save as aforesaid and except as mentioned herein, no share or loan capital of the Company or any of its subsidiaries has within the two years preceding the date of this document been issued, whether for cash or for a consideration other than cash, nor is any such capital proposed to be issued. No share or loan capital of the Company or any of its subsidiaries is under option or agreed, conditionally or unconditionally, to be put under option. No commissions, discounts, brokerages or other special terms have been granted by the Company within the above two year period in connection with the issue or sale of any share or loan capital of the Company or any of its subsidiaries.

(d) No material issue of shares in the Company (other than to shareholders pro rata to existing holdings) will be made within one year from the date of re-listing of the Company's Ordinary share capital except with the prior approval of the Company in general meeting.

(e) There has been no material change in the financial position of the Company and its subsidiaries since 31st October, 1981.

(f) Save for the compensation payment of £15,000 to the former Directors, there is no agreement, arrangement or understanding existing between Taddale or any person acting in concert with it and any Director or recent Director, or any shareholder or recent shareholder, of the Company having any connection with or dependence upon the acquisition of Platonoff.

(g) Subject to the placing arrangements mentioned herein, there is no agreement, arrangement or understanding between Taddale or any of its subsidiaries and any third party for the transfer to that third party of any of the consideration shares to be issued pursuant to the Acquisition Agreement, but Taddale reserves the right to transfer any of such shares to another member of its group.

(h) With the exception of Mr. Platonoff and Mr. Harris, none of the Directors has a service agreement with any member of the Enlarged Group and no such agreement is proposed.

(i) The aggregate emoluments of the previous Directors of the Company for the year ended 31st December, 1980 were £1,600. It is estimated that the aggregate emoluments of the proposed Directors (excluding commission in the cases of Mr. Platonoff and Mr. Harris) in a full year will be £35,416.

(j) The expenses relating to the acquisition of Platonoff and the re-listing of the Ordinary share capital of the Company are estimated to amount to £99,600 (exclusive of VAT) and are payable by the Company unless such re-listing is not granted in which event the expenses will be payable by Taddale.

(k) Creasey, Son & Wickenden have given and have not withdrawn their written consent to the inclusion of their Accountants' Report in this document in the form and context in which it appears.

(l) A. J. Hines & Co. have given and have not withdrawn their written consent to the reference in this document to their valuation in the form and context in which it appears.

(m) Creasey, Son & Wickenden and T. C. Coombs & Co. and Sternberg, Thomas Clarke & Co. have given and have not withdrawn their written consents to the inclusion in this document of their respective letters in regard to the profit forecast for the Company and its subsidiaries in the form and context in which they appear.

7. Documents available for inspection

Copies of the following documents will be available for inspection at the offices of Durrant Piesse, 73 Cheapside, London EC2V 6ER, during usual business hours on any weekday (other than Saturdays and public holidays) until 22nd March, 1982:

(i) the Memorandum and Articles of Association of the Company;

(ii) the audited Accounts of the Company for the two years ended 31st December, 1980 and for the 10 months ended 31st October, 1981;

(iii) the audited Accounts of Platonoff for the two years ended 30th April, 1981 and for the six months ended 31st October, 1981;

(iv) the Accountants' Report of Creasey, Son & Wickenden together with a statement of the adjustments made by them for the purposes of such report;

(v) the Valuation Report of A. J. Hines & Co.;

(vi) the written consents of Creasey, Son & Wickenden, A. J. Hines & Co. and T. C. Coombs & Co. and Sternberg, Thomas Clarke & Co. referred to above;

(vii) the material contracts listed in paragraph 6(b) above.

DATED 8th March, 1982.

CURRENCIES, MONEY and GOLD

RECENT ISSUES

MONEY MARKETS

BY JONAS CROSLAND

The still before the storm

Interest rates continued to fall in London last week ahead of tomorrow's Budget. The market's typically bullish attitude at such a time may have been given a guiding hand on Tuesday with the Bank of England locking in the discount houses at fixed rates through repurchase agreements rather than tempting outright sales by lowering its dealing rates. By acting in such a way, the authorities succeeded in holding off any cut in clearing banks' base rates probably until tomorrow's Budget. Not only were some of last week's repurchase agreements a slightly cheaper way of raising cash as against outright bill purchases by the Bank of England (13½ per cent representing a true cost against a slightly greater figure based on 13⅝ per cent band 1 dealing rate) but the houses were quite happy to unload around £1¾bn of bills, knowing that their return will undoubtedly have been preceded by a significant fall in the cost of money.

Attention earlier in the week centred on a shortage of funds caused by payments of Petroleum Revenue Tax. Around £1bn was expected to pass through the system on Monday but this was reduced to about £300m and the balance contributed to a shortage on Tuesday of £1,150m. This prompted the Bank to give help of £1,048m, including bills for resale totaling £983m. Short term rates ended the week almost unchanged with one week interbank money quoted at 14⅜ per cent. Longer term rates were lower however with three-month interbank slipping to 13⅞ per cent from 14 per cent a week earlier.

The fall in UK rates was greatly assisted by a similar move in U.S. interest rates. A string of depressing economic indicators, including last Friday's fall in money supply coincided with a reduction in Federal fund raising activities to clip over half a point from Euro-dollar rates. The downward march continued across Europe with the Belgian discount rate falling to 13 per cent from 14 per cent.

WEEKLY CHANGE IN WORLD INTEREST RATES

	Mar. 5	change		Mar. 5	change
LONDON			**NEW YORK**		
Base rates	13½	Unch'd	Prime rates	16½	Unch'd
7 day interbank	14⅛-14⅛	+⅛	Federal funds	14½-14¾	+¾
3 mth Interbank	13⅛-13⅝	—⅛	3 mth Treasury Bills	13.10	—0.19
Treasury Bill Tender	12.4972	—0.7890	6 Mth. Treasury Bills	12.30	—0.54
Band 1 Bills	13⅝	Unch'd	3 Mth. C D	13.85	—0.45
Band 2 Bills	13⅛	Unch'd	**FRANKFURT**		
Band 3 Bills	13⅞-13½*	—⅛	Special Lombard	10	Unch'd
3 Mth. Treasury Bills	12⅞-12⅝	—⅛	One Mth. Interbank	10.175	Unch'd
1 Mth. Bank Bills	13⅞-13⅞	—¼	Three month	10.175	—0.05
3 Mth. Bank Bills	12⅝-12⅞	—¾	**PARIS**		
TOKYO			Intervention Rate	14	Unch'd
One month Bills	6.65625	—0.0625	1 Mth. Interbank	14⅛	—⅛
Three month Bills	6.53125	—0.0625	Three month	14⅛	—⅛
BRUSSELS			**MILAN**		
One month	13⅝	—½	One month	20⅛	Unch'd
Three month	13⅝	—⅛	Three month	20⅛	—¼
AMSTERDAM			**DUBLIN**		
One month	9⅜	—⅛	One month	19¾	+⅝
Three month	9⅜	—¼	Three month	19¾	+⅝

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, and band 3 bills 34 to 63 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market, and their respective changes during the week. * Band 4 13⅛-13¹⁵⁄₃₂.

BANK OF ENGLAND TREASURY BILL TENDER

	March 5	Feb. 26		March 5	Feb. 26
Bills on offer	£100m	£100m	Top accepted rate of discount	12.5142%	13.3566%
Total of applications	£416.475m	£287.900m	Average rate of discount	12.4972%	13.2862%
Total allocated	£100m	£100m	Average yield	12.90%	13.74%
Minimum accepted bid	£96.88	£96.67	Amount on offer at next tender	£100m	£100m
Allotment at minimum level	100%	53%			

FT LONDON INTERBANK FIXING

3 months U.S. dollars	
bid 14 5/8	offer 14 1/2

6 months U.S. dollars	
bid 14 5/8	offer 14 1/2

The fixing rates (Mar. 5) are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

Mar. 5 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	14½-15	14	—	—	14½-14⅝	13½	—	—	—
2 days notice	—	—	14	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14⅛-14⅛	14⅛	—	—	14⅜-14⅝	13½	—	—	—
One month	13⅞-13⅞	13¾-14	13⅝	14⅛-14¼	13¾	14⅛-14⅜	13¼-13⅝	13⅜-13⅞	13⅜-13⅞	14¼
Two months	13⅝-13⅞	13⅝-13½	—	14⅜-14	13½	14⅛	13	12⅞-13	12⅞	14
Three months	13⅞-13⅞	13⅞-13⅝	13⅞	14¼-13⅞	13½	13⅞-14	12¾	12⅞-12⅝	12⅝-12⅞	13½
Six months	13¼-13⅛	13⅛-13⅜	13⅝	13-12⅞	13½	—	—	—	12⅞-12½	13⅞
Nine months	13⅛-13⅛	13⅛-13⅜	—	13⅛-13⅛	—	—	—	—	—	—
One year	13⅛-13⅛	13⅛-13⅜	13⅝	13⅛-13⅜	13⅝	—	—	—	—	—
Two years	—	—	13⅞	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 13⅞ per cent; four years 14⅛ per cent; five years 14⅛ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12⅞ per cent; four months trade bills 13⅞ per cent.

Approximate selling rates for one-month Treasury bills 13⅛-13⅞ per cent; two months 12⅞-12⅞ per cent; three months 12⅞-12⅞ per cent. Approximate selling rate for one-month bank bills 13⅞-13⅞ per cent; two months 12⅞ per cent and three months 12⅞-12⅞ per cent; one-month trade bills 14⅛ per cent; two months 14 per cent; three months 13½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15 per cent from March 1 1982. Clearing Bank Deposit Rates for sums at seven days' notice 11 per cent. Clearing Bank Rates for lending 13½ per cent. Treasury Bills: Average tender rates of discount 12.4972 per cent.

Certificates of Tax Deposits (Series 5) 14 per cent from March 3. Deposits withdrawn for cash 11 per cent.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Mar. 5	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14⅛-14⅝	14⅜-14⅝	14-15	9⅛-9⅜	4⅛-4⅝	9⅛-9⅜	15⅞-16⅛	17⅛-19	12⅛-14⅛	6⅞-6⅞
7 days' notice	14⅛-14⅝	14⅜-14⅝	14-15	9⅛-9⅜	5⅞-6⅛	9⅛-9⅜	16⅛-16⅛	18⅛-20⅛	12⅛-14⅛	6⅞-6⅞
Month	13⅞-13⅞	14⅜-14⅝	15⅜-15⅝	9⅛-9⅜	5⅞-6⅛	9⅛-9⅜	14⅛-14⅝	19⅛-20⅛	13⅛-14⅛	6⅞-6⅞
Three months	13⅛-13⅝	14⅜-14⅝	15⅛-16⅛	9⅛-9⅜	6⅜-6⅝	9⅛-9⅜	15⅛-16⅛	19⅛-20⅛	13⅛-14⅛	6⅞-6⅞
Six months	13⅛-13⅝	14⅜-14⅝	15⅞-16⅛	9⅛-9⅜	6⅜-6⅝	9⅛-9⅜	15⅛-16⅛	20-20⅛	13⅛-14⅛	6⅞-6⅞
One Year	13⅛-13⅝	14⅜-14⅝	16-16⅛	9⅛-9⅜	7⅛-7⅜	9⅛-9⅜	16⅞-17⅛	20⅛-21⅛	14-14⅛	6⅞-6⅞

SFr (financial): short-term 13⅛-13⅝ per cent; seven days' notice 13⅛-13⅝ per cent; one-month 13⅛-13⅝ per cent; three months 13⅛-13⅝ per cent; six months 13⅛-13⅝ per cent; one-year 13⅛-13⅝ per cent.

SDR linked deposits: one-month 12⅞-12⅞ per cent; three months 12⅞-12⅞ per cent; six months 12⅞-13 per cent; one-year 12⅞-13⅛ per cent.

ECU linked deposits: one-month 12⅛-12⅞ per cent; three months 12⅞-13⅛ per cent; six months 12⅞-13⅛ per cent; one-year 13⅛-13⅝ per cent.

Asian $ (closing rates in Singapore): one-month 14⅛-14⅝ per cent; three months 14⅛-14⅝ per cent; six months 14⅛-14⅝ per cent; one-year 14⅛-14⅝ per cent. Long-term Eurodollar two years 15-15⅛ per cent; three years 15⅛-15⅝ per cent; four years 15⅛-15⅝ per cent; five years 15⅛-15⅝ per cent nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.

The following rates were quoted for London dollar certificates of deposit: one-month 14.20-14.30 per cent; three months 14.20-14.30 per cent; six months 14.10-14.20 per cent; one-year 14.20-14.30 per cent.

CURRENCIES AND GOLD

Gold slumps

Gold continued its recent decline in bullion markets last week, falling to its worst level since September 1979. There was a slight technical rally on Friday but this may have been just a reaction to its sharp fall since sentiment surrounding the metal remained distinctly bearish. News of further grain purchases by the USSR implied that further amounts of gold were being sold to raise foreign currency while the continuing fall in the price of oil has obliged many Middle Eastern nations to unload some of their gold stocks. With U.S. interest rates still relatively high and the U.S. economy in recession it could be some time before gold regains its sparkle. It closed last week at $343¼, a fall of $19¾ and touched a low point on Friday of $336.

Signs of a deepening recession in the U.S., and a fall in U.S. money supply saw Euro-dollar rates lose ground steadily last week. The dollar suffered as a consequence although it still remains likely that the Federal authorities will take steps to ensure that interest rates do not fall too quickly and by doing so will keep a tight rein on the market. The dollar fell to DM 2.3440 against the D-mark from DM 2.3880 and its trade weighted index (Bank of England) slipped to 112.2 from 113.3.

Sterling ended the week surprisingly strong. It was surprising since North Sea Oil was reduced in price by $4 a barrel and interest rates were generally half to three quarters of a point down on the previous week. The Bank of England may have given a steadying hand on one or two occasions but towards the end of the week the now normal neurosis ahead of U.S. money supply figures ensured that sterling steadily improved against the dollar. It closed at $1.8385 against $1.8215 and its trade weighted index was unchanged at 91.1.

The Belgian franc lost ground with the Belgian National cutting the discount rate to 13 per cent and lowering short-term Treasury bill yields still further.

THE DOLLAR SPOT AND FORWARD

March 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8320-1.8420	1.8380-1.8390	0.07-0.17c dis	-0.78	0.42-0.52dis	-1.02
Ireland†	1.4985-1.5050	1.5010-1.5030	0.70-0.60c pm	5.18	1.58-1.48 pm	4.73
Canada	1.2120-1.2155	1.2147-1.2150	0.11-0.14c dis	-1.23	0.38-0.42dis	-1.32
Nethlnd.	2.5690-2.5760	2.5720-2.5750	1.30-1.20c pm	5.83	3.30-3.20 pm	5.05
Belgium	43.30-43.50	43.32-43.34	4c pm	0.83	11-8 pm	0.78
Denmark	7.8750-7.9025	7.8750-7.8850	0.75-0.90ore dis	-1.25	2.00-2.50dis	-1.14
W. Ger.	2.3400-2.3575	2.3435-2.3445	1.05-0.95pf pm	5.12	2.88-2.83 pm	4.87
Portugal	68.30-69.35	68.30-68.50	20-55c dis	-10.42	55-175 dis	-6.71
Spain	102.65-103.05	102.85-102.95	par-10c dis	-0.58	15-28 dis	-0.83
Italy	1253-1261¼	1253-1254½	5½-6lire dis	-5.37	16-17 dis	-5.26
Norway	5.9450-5.9750	5.9650-5.9650	0.20orepm-0.10dis	0.10	par-0.30 dis	-0.10
France	5.9800-6.0375	6.0000-6.0050	0.05cpm-0.10dis	-0.05	1.25-1.80dis	-1.12
Sweden	5.7450-5.7800	5.7450-5.7500	0.75-0.55ore pm	1.36	1.25-1.05 pm	0.80
Japan	233.90-235.20	233.95-234.05	1.85-1.70y pm	9.10	4.65-4.50 pm	7.82
Austria	16.44-16.56	16.45-16.46	11¾-9gro pm	7.57	24-20 pm	5.37
Switz.	1.8500-1.8675	1.8505-1.8515	1.53-1.40c pm	9.86	3.58-3.50 pm	7.65

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

March 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8320-1.8420	1.8380-1.8390	0.07-0.17c dis	-0.78	0.42-0.52dis	-1.02
Canada	2.2260-2.2350	2.2280-2.2300	0.20-0.30c dis	-2.15	1.23-1.33dis	-2.30
Nethlnd.	4.72-4.76	4.72¼-4.73¼	2¼-1¼c pm	5.08	5⅛-4⅛ pm	4.18
Belgium	79.40-80.00	79.60-79.70	5c pm-5 dis	—	par-10 dis	-0.25
Denmark	14.48-14.55	14.49-14.50	2⅝-3¼ore dis	-2.22	6⅜-8⅜ dis	-2.02
Ireland	1.2210-1.2260	1.2220-1.2230	0.35-0.47p dis	-4.02	1.10-1.37dis	-4.04
W. Ger.	4.30-4.33	4.30¼-4.31¼	1⅞-1⅝pf pm	4.52	4¾-3⅞ pm	3.83
Portugal	125.50-127.50	125.50-126.50	50-185c dis	-11.12	90-215 dis	-4.83
Spain	188.40-189.40	188.75-188.95	par-25c dis	-0.78	70-95 dis	-1.75
Italy	2320-2333	2327-2329	11-14lire dis	-6.44	35-38 dis	-6.27
Norway	10.91-10.98	10.94-10.95	¾-1½ore dis	-1.23	2⅜-3¾ dis	-1.14
France	11.01-11.07	11.03-11.04	1-2c dis	-1.09	5⅞-6⅞ dis	-2.31
Sweden	10.55-10.58½	10.56-10.57	¾-1½ore dis	0.57	1⅛-1 pm	0.52
Japan	429-433	430-431	3.05-2.75y pm	8.08	7.45-7.15 pm	6.78
Austria	30.20-30.40	30.25-30.30	13-15gro pm	5.74	38-31 pm	4.56
Switz.	3.40-3.45	3.40½-3.41½	2⅞-2⅛c pm	8.81	6⅞-6⅛ pm	6.61

Belgian rate is for convertible francs. Financial franc 85.90-86.00. Six-month forward dollar 1.00-1.10c dis, 12-month 1.95-2.15c dis.

FORWARD RATES AGAINST STERLING

	Spot	1 month	3 month	6 month	12 month
Dollar	1.8385	1.8397	1.8432	1.8490	1.8590
D-Mark	4.3125	4.2962	4.2712	4.2442	4.1618
French Franc	11.0350	11.0450	11.0987	11.2009	11.3903
Swiss Franc	3.4050	3.3800	3.3487	3.3217	3.2117
Japanese Yen	430.5	428.0	423.2	417.1	404.6

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 5	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.6963	44.6728	-0.05	-0.05	±1.5440
Danish Krone	8.18382	8.12999	-0.66	-0.66	±1.6428
German D-Mark	2.41815	2.41913	+0.04	+0.04	±1.1097
French Franc	6.19564	6.19118	-0.07	-0.07	±1.3743
Dutch Guilder	2.67296	2.65262	-0.76	-0.76	±1.5069
Irish Punt	0.686799	0.686192	-0.09	-0.09	±1.6689
Italian Lira	1305.13	1305.43	+0.02	+0.02	±4.1242

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for March 5 0.560667

GOLD

	Mar. 5		Mar. 4	
Gold Bullion (fine ounce)				
Close	$342¾-343¼	(£186½-187)	$343¼-344¼	(£188¼-188¾)
Opening	$338-339	(£184½-184¾)	$351½-352½	(£193-193½)
Morning fixing	$340	(£184.958)	$347	(£190.241)
Afternoon fixing	$342.40	(£186.239)	$346.50	(£189.707)
Gold Coins				
Krugerrand	$352-353	(£191½-192)	$355½-356½	(£194½-195)
½ Krugerrand	$181-182	(£98½-99)	$182½-183½	(£100-100½)
¼ Krugerrand	$92-93	(£50-50½)	$93-94	(£51-51½)
1/10 Krugerrand	$37½-38½	(£20½-21)	$38-39	(£20¾-21¼)
Mapleleaf	$353-354	(£192-192½)	$356½-357½	(£195-195½)
New Sovereigns	$83-84	(£45¼-45¾)	$84¼-85¼	(£46-46½)
King Sovereigns	$99-100		$100-101	
Victoria Sovs	$99-100		$100-101	
French 20s	$83-92	(£44¾-50¼)	$83-95	(£45½-51)
50 pesos Mexico	$420½-423½	(£228¾-230½)	$422-423	(£231-232)
100 Cor. Austria	$332-335	(£180½-182¼)	$335-337	(£183½-184½)
$20 Eagles	$478-485	(£260-264)	$480-485	(£263¼-265¾)

OTHER CURRENCIES

Mar. 5	£	$		£ Note Rates
Argentina Peso	18,400-18,420†	10,000-10,850†	Austria	30.10-30.40
Australia Dollar	1.7180-1.7200	0.9340-0.9345	Belgium	88¾-89¾
Brazil Cruzeiro	262.50-263.50	142.88-143.59	Denmark	14.48-14.63
Finland Markka	8.280-8.298	4.5100-4.5120	France	11.02-11.12
Greek Drachma	109.830-115.192	60.85-61.05	Germany	4.30-4.34
Hong Kong Dollar	10.734-10.748	5.8450-5.8500	Italy	2300-2360
Iran Rial	148.30*	81.40*	Japan	432-437
Kuwait Dinar (KD)	0.519-0.525	0.2844-0.2846	Netherlands	4.71-4.75
Luxembourg Fr.	79.60-79.70	43.32-43.34	Norway	10.91-11.01
Malaysia Dollar	4.2235-4.2305	2.3000-2.3030	Portugal	122¾-129½
New Zealand Dlr.	2.3375-2.3415	1.2715-1.2725	Spain	183¾-184¾
Saudi Arab. Riyal	6.24-6.30	3.4195-3.4205	Sweden	10.53-10.63
Singapore Dollar	3.8545-3.8620	2.0990-2.1010	Switzerland	3.40-3.44
Sth. African Rand	1.8070-1.8080	0.9830-0.9835	United States	1.83-1.85
U.A.E. Dirham	6.71-6.77	3.6715-3.6735	Yugoslavia	94-98¾

† Now one rate. * Selling rate.

CURRENCY MOVEMENTS

Mar. 5	Bank of England Index	Morgan Guaranty Changes %
Sterling	91.1	-32.7
U.S. dollar	112.2	+5.0
Canadian dollar	88.1	-17.6
Austrian schilling	118.8	+24.6
Belgian franc	96.5	-0.6
Danish kroner	84.1	-13.0
Deutsche mark	122.5	+45.4
Swiss franc	155.4	+108.0
Guilder	115.0	+21.5
French franc	80.0	-14.4
Lira	55.0	-57.7
Yen	138.6	+33.3

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Mar. 5	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.618776	0.560667
U.S. $	12	1.13456	1.03135
Canadian $	15.12	1.37520	1.25226
Austria Sch.	6¾	18.6760	16.9631
Belgian F	13	49.2683	44.6728
Danish Kr.	11	8.95785	8.12959
D mark	7½	2.66361	2.41913
Guilder	8½	2.91979	2.65262
French Fr.	9½	6.81190	6.19118
Lira	19	1436.07	1305.43
Yen	5½	266.054	242.263
Norwgn. Kr.	9	Unav.	6.13809
Spanish Pts.	8	115.578	105.919
Swedish Kr.	11	6.53166	5.93210
Swiss Fr.	6	2.10710	1.91645
Greek Dr'ch.	20½	—	62.8503

EXCHANGE CROSS RATES

Mar. 4	Pound St'rling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canadia Dollar	Belgian Franc
Pound Sterling	1	1.839	4.313	430.5	11.036	3.405	4.728	2328.	2.230	79.65
U.S. Dollar	0.544	1.	2.346	234.2	6.002	1.852	2.571	1266.	1.213	43.32
Deutschemark	0.232	0.426	1.	99.83	2.559	0.792	1.096	539.8	0.517	18.47
Japanese Yen 1,000	2.323	4.221	10.02	1000.	25.63	7.909	10.98	5408.	5.129	185.0
French Franc 10	0.906	1.666	3.908	390.1	10.	3.086	4.284	2110.	2.020	72.18
Swiss Franc	0.294	0.540	1.267	126.4	3.241	1.	1.388	683.7	0.655	23.39
Dutch Guilder	0.212	0.389	0.912	91.06	2.334	0.720	1.	492.4	0.472	16.85
Italian Lira 1,000	0.430	0.790	1.853	184.9	4.740	1.463	2.031	1000.	0.958	34.21
Canadian Dollar	0.449	0.825	1.934	193.1	4.950	1.527	2.120	1044.	1.	35.73
Belgian Franc 100	1.255	2.308	5.414	540.5	13.85	4.275	5.953	2923.	2.799	100.

RECENT ISSUES

EQUITIES

Issue price p	Amount Paid up	Latest Renunc. Date	1981/2 High	1981/2 Low	Stock	Closing price p	+ or —	Div. p. or amount	Times covered	Gross yield	P.E. ratio
142	F.P.	26/3	196	188	Amersham	190	—2	b3.5	2.9	2.6	15.3
80	F.P.	—	360	315	✱Eldridge Pope £1	360	+5	9.5	2.9	3.8	11.1
—	F.P.	—	25	21	Fleet Holdings 20p	21	—2	—	—	—	—
—	F.P.	—	36½	27	Greenfriar Warrants	36½	......	—	—	—	—
§90	F.P.	5/3	93	89	✱Imm. Bus. Sys. 10p	93	......	—	—	—	—
‖ ‖	F.P.	—	53	47	✱Malaysian Tin 5p	47	......	—	—	—	10.3
§130	F.P.	—	148	142	✱Oceonics 10p	142	......	bd1.5	4.7	1.5	15.7
‖ ‖	F.P.	—	15½	13	TSW 5p	14	—1	F0.6	—	6.1	—
46	F.P.	19/2	56	47	✱York Mount	53	......	b4.51	3.9	12.2	2.3

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981/2 High	1981/2 Low	Stock	Closing price	+ or —
§100	£25	30/7	32¾	25¾	Barclays 16% Ln. Stk.	32¾	+1
100	F.P.	14/4	114	111	Boddingtons Brew 9½% Cnv. Ln. 2000-05	114	......
¶¶	F.P.	—	202	200	Churchbury Ests. 8.4% Cnv. Ln1985	202	......
**	F.P.	26/2	212	208	Do. 8pc Cnv. Ln. 1987	210	......
100	Nil	—	3pm	1pm	Hunting Pet. 10% Cnv. Ln. 1997	1½pm	......
¶†99	£10	29/4	10½	10½	Lee Valley 9¼% Red. Prf. 1989	10½	......
¶97½	F.P.	18/3	13	12	Mid-Kent Water 9¼% Red. Prf. 1987	100½	......
§100	£10	—	100⅞	99¾	Nationwide Bdg. Soc. 16% (17/1/83)	101¼	+⅛
§100	F.P.	—	100⅛	100	Do. 15⅝% (7/2/83)	100⅞	+⅜
**	F.P.	—	102p	100p	Ropners 11½% Cum Prf.	101p	......
98.53	£20	—	22¾	19¾	Trans-Canada Pipelines16½% Notes 2007	22¾	+1

"RIGHTS" OFFERS

Issue price p	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1981/2 High	1981/2 Low	Stock	Closing price p	+ or —
244.3	Nil	12/3	15/4	8pm	6pm	‡‡Cambrian & Gen. Units	8pm	—
70	Nil	15/3	19/4	17pm	3pm	✱Clyde Petroleum	5pm	+2
140	F.P.	19/2	19/3	164	154	Davy Corp.	158	—
40	Nil	8/3	23/4	1½pm	½pm	✱Energy Finance 10p	½pm	—
180	Nil	22/3	29/4	28pm	10pm	Hunting Pet. Services	10pm	—
220	F.P.	25/2	26/3	271	258	Lovell (Y.J.)	268	—
188	F.P.	11/2	26/3	229	218	MEPC	224	—
110	Nil	23/3	23/4	28pm	24pm	Security Centres	28pm	—
25	F.P.	26/2	19/3	41	35	Smith St. Aubyn	39	—
45	F.P.	—	—	48	42	Steaua Romana (Brit.)	43	—
10	Nil	—	—	2½pm	1¼pm	Sturla 10p	2½pm	+¾

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ● Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✱ With warrants. †† Dealings under special Rule. ✱ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ‡‡ Unit comprising five ordinary and three Cap. Shares.

THE TRING HALL USM INDEX
117.1 (+0.1)
close of business 5/3/82
BASE DATE 10/11/80 100
Tel: 01-638 1591

LADBROKE INDEX
Close 558-563 (+3)

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

S.G. Europe Obligations S.A.
9, Avenue de la Liberte, Luxembourg
London Agent: FFS, Salisbury Hse, London Wall EC2M 5TA. Tel. 01-920 0776 Telex 887281
Europe-Obligations | US$44.28 | -0.01 | 1.85

Leopold Joseph & Sons (Guernsey)
Hirzel Ct., St. Peter Port, Guernsey. 0481-26648.
L.J. Sterling Fund | £14.54 | 14.55 |

King & Shaxson Mngrs.

Save & Prosper International
Dealing to:
P.O. Box 73, St. Helier, Jersey 0534 73933

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

American Growth	55.0	59.1	-1.1	2.45
Capital	39.0	42.2	+0.2	4.04
(Accum. Units)	50.4	54.5	+0.2	4.04
General	61.3	66.3	+0.4	4.63
Gilt & Fixed Int.	101.9	107.3xd	+0.8	12.21
Income	39.7	42.9	+0.1	8.72
Worldwide Bond	106.7	112.9	-0.7	4.87
Inv. Tst. Fd.	53.4	57.7	-0.3	4.16
Equitas Prog.	84.6	91.5	+0.2	4.67

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	91.5	96.2xd	+0.4	12.62

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex
Brentwood (0277) 211459 & 229123

Balanced Funds

Allied 1st	92.4	98.9xd	+0.4	5.45
Brit. Inds. Fund	82.8	88.6	+0.5	6.05
Growth & Income	59.4	63.6	+0.1	5.93
Elect. & Ind. Dev.	47.4	50.7	.....	4.24
Allied Capital	102.8	110.0	+0.3	4.54
Hambro Fund	142.8	152.7	+0.5	5.33
Hambro Acc. Fund	206.5	221.0	+0.9	4.52

Income Funds

High Yield Fd.	70.3	75.2xd	+0.2	8.46
High Income	86.9	93.0xd	+0.3	7.31
Equity Income Fd.	49.1	52.5xd	+0.1	7.03
Govt. Secs.	25.4	26.1	+0.2	12.18

International Funds

International	32.5	34.8	-0.6	2.64
Japan Fund	27.1	29.0	-0.4	0.56
Pacific Fund	62.6	67.0	-0.9	1.40
American Spec. Sits.	—	25.8	.....	1.10
Secs. Of America	76.5	81.8	-1.5	3.00

Specialist Funds

Smaller Co.'s Fd.	60.4	64.6	+0.1	3.64
2nd Smlr. Co's Fd.	75.1	80.4	+0.2	4.04
Recovery	29.5	31.6	+0.1	4.46
Met. Min. & C'dty.	55.4	59.3	-0.4	6.42
Overseas Earnings	80.6	86.2	+0.3	4.66

Exempt Funds

Income Exempt	55.4	58.2	+0.3	8.08
Far East Exempt	69.7	72.5	-0.8	1.72
Smaller Co. Exempt	102.8	107.9	+0.4	3.66
U.S.A. Exempt	124.8	129.8xd	-3.4	3.03

Anderson Unit Trust Managers Ltd.
62, London Wall, EC2R 7DQ 01-638 1200

Anderson U.T.	65.9	71.4	.....	3.47

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-726 4951

Inc. Monthly Fund	162.0	172.0xd	.....	10.38
Leics. & Gen. Fd.	55.0	58.0	.....	7.33

Anthony Wieler Unit Tst. Mngmt. Ltd.
19, Widegate St., London, E1 7HP. 01-247 8827

Wieler Gwth Fd. Inc.	35.7	38.4xd	.....	2.80
Do. Accum.	46.3	49.8xd	.....	6.50

Arbuthnot Securities Ltd. (a)(c)

Chelverton Fund Managers(g)
57-63, Princess St., Manchester. 061-236 5685

Growth	14.3	15.4	-0.2	4.00
International	51.1	52.2xd	-3.9	1.24
High Income	29.1	31.4	.....	11.20

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	77.8	81.8	.....	4.52

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 6984

High Income	36.5	39.8	-0.2	11.12
North American	55.4	59.9	-0.9	2.80
Canadian Exempt*	53.9	57.0	.....	3.43
Canadian Trust	45.6	49.3	+0.3	2.79
Mid Mount High Inc.*	46.4	49.1xd	.....	9.77
Recovery	57.7	63.0	-0.1	3.50
Gilt Trust	39.6	41.4xd	+0.4	13.69

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 3492

Cres. Amer. Fd.	36.6	39.5	-1.0	1.01
Cres. Internat'l.	79.4	85.7	-0.9	1.75
Cres. High. Dist.	48.0	51.8	+0.2	8.83
Cres. Reserves	52.6	56.8xd	+0.2	5.28
Cres. Tokyo	37.0	39.9	-0.7	0.31

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	22.2	24.1	.....	6.80

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Feb 26	255.3	272.2	.....	4.91

Dunbar Unit Trust Managers Ltd.
53, Pall Mall, London, SW1 5JH. 01-930 2122

Income & Grwth.	23.2	24.6	+0.1	7.52
Special Sits.	24.6	26.1	+0.1	3.03

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	20.9	23.5	.....	7.40
Gt. Winchester O'seas	31.4	34.8	.....	3.59

Equity & Law Un. Tr. M. (a) (b) (c)
Amersham Rd., High Wycombe. 0494 33377

UK Gwth. Tst. Acc.	57.1	61.3	.....	4.75
UK Gwth. Tst. Inc.	57.1	61.3	.....	4.75
Higher Inc. Tst. Acc.	59.5	63.9	.....	3.02
Higher Inc. Tst. Inc.	59.5	63.9	.....	8.02
Gilts/Fxd. Int. Tst. Acc.	54.1	56.9xd	.....	5.29
Gilts/Fxd. Int. Tst. Inc.	53.1	55.8xd	.....	5.29
Nth. America Tst. Acc.	49.4	53.1	.....	1.70
Far East Tst. Acc.	44.0	47.3	.....	1.05
General Tst.	94.4	101.5	.....	4.70

Fidelity International Management Ltd.
20, Abchurch Lane, London EC4N 7AL. 283 9911

American (z)	35.6	38.5	-0.9	0.74
Amer. Spec. Sits. (z)	24.6	26.8	-0.6	0.01
Gilt & Fixed Int.	24.3	25.1	+0.1	12.96
Growth & Income	33.3	36.3	.....	6.98
Japan Trust (z)	22.2	24.1	-0.3	—
Max. Inc. Eq. Tst.	30.9	33.5xd	+0.1	8.97
Special Sits.	37.6	41.4	.....	0.73

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	35.2	37.8	.....	2.04
Accum. Units	43.8	47.1	.....	2.04
J. Finlay High Income	39.2	42.1	.....	9.22

Carr, Sebag Unit Trust Managers(a)

Carr, Sebag Cap. Fd.	42.0	44.7	-0.1	2.02
Carr, Sebag Inc. Fd.	31.8	33.9	+0.2	9.09
Carr Sebag Far East'n	22.8	24.1	-0.1	1.91

Charinco Charities N/R Fund‡‡
15, Moorgate, London, EC2. 01-638 4121

Income Feb 26		117.46	.....	12.58
Do. Accum. Feb 26		230.15	.....	12.58

Charities Official Invest. Fund‡‡
77 London Wall, EC2N 1DB. 01-588 1815

Income Jan 31		167.41	.....	7.23
Accum. Jan 31		411.25	.....	—

Chieftain Trust Managers Ltd (a) (g)
11, New St., EC2M 4TP. 01-283 2632

American (z)	24.1	26.2	-0.6	1.77
Australian (z)	17.5	19.0	-0.3	1.31
Far Eastern Tst. (z)	36.4	39.5	-0.6	1.35
High Income	36.6	39.7	-0.1	10.98
Intl. Trust (z)	39.5	42.9	-0.6	1.71
Basic Resources Tst.	36.0	39.1	-0.7	2.70
Incm. Growth Tst.	25.1	27.3	+0.1	8.14
Pref. & Gilt Tst.	18.5	20.1	+0.1	15.55
Smaller Co's Trust	29.4	31.9	+0.1	3.36

NOTES

Prices are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

INSURANCE BONDS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]					
1J	N.Z. 7¼pc 1988-92 ..	63½	1.12	11.63	14.35
15D	Do. 7½pc '83-86	82	16.11	9.33	13.66
10	S. Rhod. 2½pc Non-Ass.	144	3.66	—	—
10S	Do. 3½pc 80-85 Asstd.	66	10.8	5.44	17.60
7Ag	Do. 4½pc 87-92 Asstd.	39xd	7.1	11.54	17.80
15O	Zimbabwe Ann (£100pa)	365	15.9	—	23.57

LOANS

Public Board and Ind.

1J	Agric. Mt. 5pc '59-89	64¾	1.12	7.80	12.68
1S	Met. Wtr. 3pc 'B'	26¼xd	3.8	11.43	13.74
31D	U.S.M.C. 9pc 1982 ...	108	31.12	8.50	—
31D	Do. without Warrnts.	99	31.12	9.32	—

LOANS—Continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr
Jan.	July	ANZ $A1	220	15.6	Q28c	3.3
Feb.	Aug.	Alexanders D. £1	218	15.2	18.5	—
May	Aug.	Algemene Fl.100	£57½	18.8	Q26%	φ
Dec.	June	Allied Irish	86	23.11	Q3.9%	5.5
July		Ansbacher (H.) 5p.	17¾	1.6	Q0.35	—
July	Jan	Bk. Ireland £1..	220	9.11	Q28.9%	—
May	Nov.	Bk. Leumi $0.1	4	6.10	NQ12½%	—
Aug.	Feb.	Bk.Leumi (UK)£1.	220	10.8	10.15	—
Jan.	July	Bk. N.S.W $A1..	156	23.12	Q24c	2.9
Nov.	May	Bank Scotland £1	450	28.9	†17.5	5.7
Apr.	Oct.	Barclays £1	505	10.8	¶22.0	φ5.3
Jan.	July	Brown Shipley £1	233	23.11	b6.5	—
Jan.	July	Cater Allen £1..	315	23.11	23.1	—

BANKS & H.P.—Cont.

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Nov.	June	Jardine M. $HK5	147	25.4	†Q88c	2.0	5.5	9.2
		For Jentique see Metamec Jentique						
Oct.	Apr.	Johnson Clnrs.	214	28.8	†7.0	3.4	4.7	7.0
Feb.	Aug.	Johnson Mthy. £1	253	7.12	9.5	2.3	5.4	(9.3)
Oct.	June	Jourdan (T.) 10p.	78	28.8	5.25	1.8	9.6	8.1
May	Dec.	Kalamazoo 10p	41	26.10	2.5	0.9	8.7	19.0
Feb.	July	Kelsey Inds.	165	23.12	8.0	2.1	6.9	9.4
Oct.	April	Kennedy Sm. 10p	143	15.2	†4.38	4.1	4.4	7.6
Nov.	April	Kershaw (A.) 5p.	275xd	1.3	21.75	ϕ	11.3	ϕ
Jan.	Aug.	Kleen-E-Ze Hldgs.	45	23.12	5.5	0.7	17.5	(3.2)
Jan.	Aug.	L.C.P. Hlds	64	23.11	4.3	0.8	9.6	(9.5)
Oct.	April	L.R.C. Int. 10p.	47	15.2	2.5	1.6	7.6	10.6
Dec.	May	Lawtex	44	23.11	1.5	—	4.9	—
July	Nov.	Lead Inds. 50p.	176	12.10	9.66	1.4	7.8	11.8
Jan.	Aug.	Leadenhall Sterling	117	23.11	♦3.5	1.5	4.3	19.5
Mar.	Oct.	Lep Group 10p.	310	23.12	16.5	2.1	7.6	7.2
Jan.	July	Lesney Prods. 5p.	14	1179	—	—	—	—
Jan.	July	Lilleshall 10p	37	12.10	3.5	—	13.5	—
July	Oct.	Lon. & Liv. 10p	42	7.12	†1.7	3.3	5.8	6.2
Jan.	Sept.	London & Mid'd.	95	7.12	7.75	1.1	11.7	(1.3)
Jul.	Dec.	Lon. & Nthn. Grp.	$42\frac{1}{2}$	9.11	3.75	2.5	12.6	3.6
—		✽Lon. Priv. Health	27	—	—	—	—	—
Jan.	June	Long Hmbly. 10p.	$7\frac{3}{4}$	1279	—	—	—	—
Apr.	Oct.	Longton Inds.	46	14.9	1.0	—	3.1	—
Aug.	Apr.	Lonsdale Univrsl.	33	15.2	1.0	ϕ	4.3	ϕ
Dec.	June	Low & Bonar 50p	187	12.10	14.5	1.6	11.1	(7.4)
June	Dec.	M.Y. Dart. 10p.	$31\frac{1}{2}$	23.11	2.9	1.8	13.2	(5.1)
May	Sept.	M'c'rthy Ph. 20p.	145xd	1.3	7.0	2.8	6.9	6.7
Oct.	May	Macfarlane Gp.	74	14.9	3.7	1.9	7.1	9.2
July	Nov.	Maclellan 20p	30	28.9	1.43	1.7	6.8	(8.7)
Aug.	Mar.	Macpherson (D.)	76	15.2	4.2	ϕ	7.9	ϕ
Oct.	Apr.	Magnolia Group	58	14.9	2.1	4.5	5.2	4.6

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
Nov.	May	Falcon Rh.50c	80	1.5	Q25c	10.3	23.3
Aug.		Roan Cons. K4	60	29.6	♦—	—	—
Nov.	May	Wankie Col. Rh.1	21	10.4	Q3c	1.2	10.6
May	Oct.	Zam.Cpr.SBD0.24	19	980	—	—	—

Australian

Tins

Copper

Miscellaneous

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—		Anglo-Dominion	35	—	—	—	7.1
May		Burma Mines 10p	15	30.3	0.75	0.9	7.1
—		Colby Res. Corp.	80	—	—	—	—
Aug.	Feb.	Cons. Murch. 10c.	230	23.12	Q60c	ϕ	13.9
—		††Explaura Gold	8	—	—	—	—
—		††Hemerdon 10c.	58	—	—	—	—
—		Highwood Res.	80	—	—	—	—
—		Northgate C$1	200	977	—	—	—
Jan.	July	R.T.Z.	423	23.11	16.0	2.3	5.4
Jan	July	Do. 9½%Cv.Ln.'95-2000	£$98\frac{1}{2}$	9.11	Q9½%	—	f9.8
—		††SPO Minerals 10p	14	—	—	—	—
—		Sabina Inds. C$1.	16	—	—	—	—
—		‡Southwest C. 10p.	37	—	—	—	—
—		Tara Exptn. $1	410	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- ▪ Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ✽ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

				IRISH	
Albany Inv. 20p	42	......			
Bertrams	17#	......	Conv. 9% '80/82	£$95\frac{1}{4}$	......
Bdg'wtr. Est. 50p	415	......	Nat. 9¾% 84/89	£$66\frac{1}{8}$	+⅛
Craig & Rose £1	£$12\frac{1}{4}$	......	Fin. 13% 97/02	£$68\frac{1}{4}$	−¼
Finlay Pkg. 5p	$25\frac{1}{2}$	......	Alliance Gas	60	......
Graig Ship. £1	£20	−1	Arnott	220	+10
Higsons Brew	65	......	Carroll (P.J.)	73	......
Holt (Jos) 25p	565	......	Concrete Prods.	90	......
I.O.M. Stm. £1	120	−2	Heiton (Hldgs.)	20	......
Pearce (C. H.)	£$10\frac{1}{2}$	......	Irish Ropes	37	......
Peel Hldgs.	$116\frac{1}{2}$	......	Jacob	63	......
Sheff. Refrshmt.	80	......	T.M.G.	11xr	......
Sindall (Wm.)	200	......	Unidare	53	......

OPTIONS

3-month Call Rates

Industrials					
Allied-Lyons	8	House of Fraser	15	Utd. Drapery	7
BOC Intl.	15	I.C.I.	24	Vickers	16
B.S.R.	$8\frac{1}{2}$	"Imps"	8	Woolworths	5
Babcock	18	I.C.L.	$5\frac{1}{2}$		
Barclays Bank	42	Ladbroke	15	**Property**	
Beecham	21	Legal & Gen.	19	Brit. Land	$7\frac{1}{2}$
Blue Circle	48	Lex Service	10	Cap. Counties	10
Boots	19	Lloyds Bank	42	Land Secs.	28
Bowaters	24	"Lofs"	$6\frac{1}{2}$	MEPC	20
Brit. Aerospace	17	London Brick	7	Peachey	14
B.A.T.	38	Lucas Inds.	20	Samuel Props.	11
Brown (J.)	7	"Mams"	12	Town & City	$3\frac{1}{2}$
Burton Ord.	15	Mrks. & Spncr	12		
Cadburys	9	Midland Bank	30	**Oils**	
Courtaulds	8	N.E.I.	9	Brit. Petroleum	26
Debenhams	7	Nat. West. Bank	38	Burmah Oil	10
Distillers	15	P & O Dfd.	14	Charterhall	6
Dunlop	$6\frac{1}{2}$	Plessey	32	KCA	14
Eagle Star	31	Racal Elect.	35	Premier	6
F.N.F.C.	4	R.H.M.	$6\frac{1}{2}$	Shell	30
Gen. Accident	28	Rank Org. Ord.	20	Tricentrol	22
Gen. Electric	65	Reed Intnl.	26	Ultramar	38
Glaxo	42	Sears	6		
Grand Met.	17	Tesco	$5\frac{1}{2}$	**Mines**	
G.U.S. 'A'	45	Thorn EMI	42	Charter Cons.	25
Guardian	25	Trust Houses	11	Cons. Gold	45
G.K.N.	15	Tube Invest.	13	Lonrho	7
Hawker Sidd	30	Turner & Newall	11	Rio T. Zinc	42
		Unilever	55		

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FINANCIAL TIMES

Monday March 8 1982

LABOUR AND TUC PREPARE NO-PROFITS PACKAGE

Plans for renationalisation

BY ELINOR GOODMAN AND JOHN LLOYD

THE LABOUR PARTY and the TUC seem set to agree on a formula for renationalisation which while providing compensation would prevent shareholders from making profits out of a future Labour Government's buying back state assets sold off by the Conservatives.

It could involve shareholders in substantial losses if the market price had risen since the assets were sold off by the present Government.

The Labour Party home policy committee today will consider a paper, by its research department setting out two basic options for renationalisation.

Both are based on preventing speculative gains, rather than on paying the market price or on renationalisation without compensation.

Left-wingers on the committee are expected to object to paying compensation for previously publicly held assets, and to argue for the "no compensation" option.

The paper points out that some 3 per cent of those assets already sold have been bought by workers, a small proportion in City terms, but significant for the purchasers.

It suggests that compensation paid for renationalising companies should be seen in a similar light to that paid for companies taken into public ownership for the first time.

Under one scheme compensation would be based on the price at which the shares were originally sold by the Tory Government.

The amount of money required by a Labour Government to buy back the companies would therefore be exactly the same as that raised by the Tories when they sold the assets.

No allowance would be made for inflation since the original sale, so in real terms investors would lose money.

Under the alternative scheme compensation would be based either on the price the shareholder paid for his shares or the average price paid at some pre-determined period, whichever was the lower.

The averaging would presumably come into effect if the price of the shares had at any point fallen well below the current price.

The same two options will be presented to the TUC Economic Committee on Wednesday. This follows a preliminary discussion in the TUC-Labour Party Liaison Committee last month, and will go back to that committee later this month on early next for approval.

If one of these options is chosen it could act as a disincentive to the City to buy shares in companies sold off by the Thatcher Government.

But it would mean that the idea of renationalisation without compensation, passed by the 1979 Labour Party Conference in an attempt to frighten the City from buying assets sold off by the Tory Government, would be dead.

How to renationalise assets sold by the Conservatives is one of the most pressing issues for the Labour Party. It has already created considerable problems.

Economy favours Howe's strategy

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

SIR GEOFFREY HOWE, Chancellor of the Exchequer, will present his Budget tomorrow against an economic background which appears to favour his strategy more than at any time since the election.

Although output and employment remain at a distressingly low ebb, the tides of market sentiment and of business trends now appear to be running in his direction.

His strategy will turn on the twin poles of cutting interest rates and further reducing the inflation rate. He remains sternly convinced that this is the best way to help industry, and that any substantial reflation would result only in a temporary illusion of growth.

He is therefore likely to announce only a limited "give away" of between £1bn and £1.5bn concentrated on help to industry, and a small reduction in the real burden of taxes, with a target for public borrowing of about £9.5bn.

His strategy has been helped recently by:

● The cut in oil prices. This should help to keep down prices and give a mild stimulus to industrial growth; although tax revenues will be reduced.

● The strength of sterling. The pound has kept its value unexpectedly well in the face of the oil price cut so far. If this continued it would help in the fight against inflation and allow more scope for cutting interest rates.

● The annual inflation rate, which was 12 per cent in January and is widely expected to fall during the next few months. Some analysts are now predicting single figure inflation by the end of the year.

● Interest rates were falling steadily in the money markets last week and the price of gilt edged stocks were rising. The Bank of England had to restrain the markets' enthusiasm. Even so, cuts in bank base rates and in mortgage rates are generally expected this week.

● This year's borrowing is well under control and could undershoot the £10.5bn target by quite a wide margin.

Against this, a black cloud remains over the unemployment figure which is 3m (unadjusted) and still rising, although the rate of increase has been moderating.

Industrial production also fell quite sharply at the end of 1981. But a resumption of growth is generally expected in the late spring.

The Government's *Medium Term Financial Strategy* last March envisaged that public borrowing for 1982-83 should be about 3¼ per cent of output, which works out at a little over £9bn. Howe'er, the MTFS stresses that these figures were not intended to be targets, and the City would not be at all disconcerted if borrowing for next year were to be pitched at up to £10bn.

Sir Geoffrey is expected to go half way towards meeting the Confederation of British Industry's demands by reducing the employers National Insurance surcharge by one point to 2½ per cent.

He will fully index personal income tax allowances. This will cost about £2bn, but is already assumed in the Treasury's Budget arithmetic. He will probably raise some of the thresholds by more than the inflation rate.

Excise duties are expected to go up, but in some cases, probably by less than the rate of inflation. Duty on spirits will probably be raised by less than the full 55p implied by indexation, and duties on derv may also escape the full increase.

In addition, the Chancellor is expected to announce a number of measures intended to help employment, small companies and investment in the inner cities.

Dock strike threat over welfare proposals

By Brian Groom, Labour Staff

BRITAIN'S 18,000 registered dockers will be urged to stage a one-day unofficial strike in protest at plans to reorganise the National Dock Labour Board, which runs their statutory employment scheme.

Ports belonging to the scheme handle four fifths of the country's seaborne non-petroleum trade. The strike call was made at an unofficial weekend meeting in Glasgow of dockers' leaders from around the country.

The unofficial leaders want their union, the Transport and General Workers, to convene a special meeting of its docks and waterways committee to discuss the proposals. They plan mass meetings to urge a strike on the day the committee meets.

The Labour Board, on which dockers and employers are equally represented, has put out for consultation a plan to replace its 21 subsidiary local boards with five regional bodies, and revise training and welfare.

The unofficial leaders feel that dockers would suffer under proposals to pass responsibility for port medical centres and welfare to employers.

Mr Bob McSorley, Glasgow docks secretary of the TGWU, said: "These cuts are only proposed at the moment, but we want the national committee to discuss them and express its opposition.

"If we get that meeting—and we will be demanding that we get it—we will send a lobby to London from all the ports so they know we are serious, and at the same time we will be calling mass meetings asking that a 24-hour stoppage takes place on that day."

The Labour Board plan, drawn up to prevent a feared £7m accumulated deficit building up by 1985, does not affect its statutory duties. However, taken with talks between employers and union on the labour scheme's future, it has stoked up fears among dockers.

The statutory scheme and the industry's Aldington-Jones agreement together virtually ensure that a docker has a job for life, unless he opts for voluntary redundancy.

● Robin Reeves, Welsh Correspondent, writes: The Irish Government-owned B & I Line is expected to bring its daily Dublin-Holyhead service into operation today despite the Holyhead dockers' refusal to co-operate in berthing trials at the weekend.

THE LEX COLUMN

The Chancellor's slide rule

A Chancellor preparing his Budget receives messages from the City, over and above the Stock Exchange's annual plea for lower stamp duty. The present administration came to power with a manifesto that could have been drafted by a gilt-edged broker, but for over two years — through the very partial eyes of the bond market —it has looked a false prospectus as it has to those in the dole queues. But the very solid rise in bond prices since the beginning of this year is a vote of confidence of a sort; the Chancellor is being encouraged to stick to his guns. At the same time the newly subdued tone of the equity markets suggests a loss of faith in the strength of economic recovery.

Some of the debate about how much room for manoeuvre the Chancellor has in framing his fiscal strategy has concerned tuning so fine as to be inaudible to those without perfect pitch. Whether the stimulus is £1bn or £2bn makes no difference to anything except perhaps the marginal supply of gilt-edged stock, and the last year has shown that that is not all-important even to the gilt-edged market, which drifted lower for months even through the pressure of funding was quite light. With the private sector's borrowing requirement, corporate and personal combined, now running at roughly twice the level of the PSBR, there is more to worry about than this one magic number.

Nevertheless, the Chancellor will be easier to show that his 1982-83 borrowing requirement as a proportion of gross domestic product is not deviating too far from the 3¼ per cent forecast laid down in last year's (upward revised) financial strategy. That would imply a figure of just below £9bn, and it seems certain that the actual forecast will be below £10bn. The comparison with last year is flattered—if the Treasury's tax sums are right—by late recovery of tax from the Civil Service strike, the financial cost of the strike last summer and perhaps a slightly higher level of asset sales this year.

Adjusting for all this, there seems likely to be a small underlying increase in the PSBR, which in GDP-relative terms will translate into a small decline. The other commitment laid down in the medium-term financial strategy, to a 5 to 9 per cent target for growth of sterling M3, is very much more embarrassing. The probable base figure for the target period, incorporating the usual generous overshoot, will become clear an hour before the Budget with the announcement of the preliminary February banking figures—which ought to be relatively satisfactory.

Although the money supply figures have lost their power to enthrall the financial markets, there is something reckless in the widespread view that sterling M3 does not matter any more simply because the Bank of England does not appear to be taking much notice of it. Continuing excessive growth of the money supply — not necessarily the sterling M3 aggregate —is going to disturb the long bond market in the end even if the exchange rate holds steady and dollar interest rates are favourable.

The nature of the small stimulus that the Chancellor has in mind may have been altered by the recent fall in the oil price, which makes a reduction in industrial costs through a cut in the National Insurance surcharge less of a priority. There must be some temptation to channel some purchasing power back to the personal sector, which was squeezed severely last year and has something of a monopoly on votes. That could mean raising income tax bands by slightly more than the inflation rate, or excise duties by rather less.

This judgment on indirect taxation, which has direct impact on the retail price index, is crucial for the Government. Further reduction of inflation is absolutely necessary if the Conservatives are going to have anything much to boast about a year from now, and inflation is far more easily influenced—in the short run—by financial sleight-of-hand than the unemployment rate can ever be. The Government has achieved its budget objectives in the last few years by reducing the subsidies to nationalised industries and forcing them to raise their prices; the time for a reversal of this process must be approaching.

For example, the very large planned increases in domestic gas prices are crying out to be followed by a freeze, so as to produce a fall in the year-on-year rate of inflation a year from now. To engineer a drop in the inflation rate too early involves the risk that it may be drifting back up again quite visibly by the middle of 1983.

More fundamental than manipulation of a few months' inflation figures is the desire to massage the corporate bond market back to life. The two point fall in gilt-edged yields this year, and the dipping of a toe in the water by Barclays Bank, have revived discussion of the subject, and there is no doubt that the authorities are keen to encourage the refunding of bank debt on the grounds of corporate balance-sheet structure and overall monetary control. The possibility that the barriers may be lowered has been canvassed, but the removal of fiscal disadvantages to bond issues may not by itself be enough to produce a healthy market.

Meanwhile, the Government's own funding requirement is not going to disappear. Tapping personal sector savings is not as easy as it was a year ago, and a major new push on the National Savings front could deflect inflows from the building societies to an extent that would limit the scope for falls in the mortgage rate. The Government's uncharacteristic abstention from the new issue market has sustained the rise in gilt-edged—but a big mouthful of new stocks looks as much an odds-on bet for next week as a base rate cut.

Financial director of BA to leave

By John Elliott, Industrial Editor

MR ROGER MOSS, the finance director of British Airways, has been put on a month's leave and will soon be leaving the airline.

He was given the news of his pending departure on Thursday by Sir John King, part-time chairman of British Airways, who is also chairman of Babcock and Wilcox.

A day later, British Airways' board studied a report on the airline's financial problems prepared by Price Waterhouse, the financial consultants. It is believed to recommend that a major reconstruction of the finances wil be necessary before the Government can go ahead with its proposed sale to the private sector.

Mr Moss, 46, has been finance director of BA for the past two-and-a-half years and has been a member of its executive management board.

But he was not a full board member with overall responsibility for the airline's financial affairs, even though he attended board meetings. That responsibility has been carried by Mr Roy Watts, chief executive, who was Mr Moss's predecessor as finance director.

Last night, Mr Moss said: "I have not had the opportunity of seeing the Price Waterhouse Report, and the suggestion that I should go on leave pending leaving the airline was made the day before the board considered the report."

The airline said Mr Moss would leave "on a date to be announced." In the meantime, Mr Stephen Wilcox, director of economic development, would be responsible for financial matters.

Sir John became BA's chairman at the beginning of last year with the twin task of solving the airline's financial problems and preparing it for sale to the private sector.

Three months ago, Sir Peter Parker, chairman of British Rail, left the airline's board after a ten-year period as a part-time director. It is understood that Sir Peter did not ask to be reappointed.

Equity defies TUC ban on state funds for postal ballots

BY JOHN LLOYD, LABOUR EDITOR

A DECISION by Equity, the 30,000-strong actors' trade union, to apply for state funds for postal ballots will crack the unity the TUC is trying to preserve against the forthcoming employment legislation. It lays the union open to expulsion from the TUC.

Last month, the TUC General Council unanimously approved an eight-point programme to make the legislation unworkable. It included forbidding unions to apply for state funds for ballots, available under the 1980 Employment Act.

The TUC has been opposed to unions applying for ballot money for the past year. The specific ban, however, carrying the threat of suspension or expulsion if it is defied, is yet to be endorsed by the special conference of union executives to be held on April 5.

Equity's decision was taken in January by its 63-strong decision-making general council. It is unlikely to stimulate a rash of applications from other unions.

The major union which had considered applying for funds, the Amalgamated Union of Engineering Workers, changed its position after a vote by its national committee against an executive proposal to do so last year.

The AUEW, with other unions, now believes that the Employment Bill represents a grave threat to union organisation and must be opposed by united action.

Mr Terry Duffy, the AUEW president, said last night the executive was committed not to apply for funds. It would oppose any move by others in the union to do so.

Mr Peter Plouviez, Equity's general secretary, said yesterday the funds for which the union applied would cover costs of postal ballots for its general council and for referenda on chosen issues.

It would not be required for ballots on industrial action because the general council did not believe in such action.

Equity ran up a deficit of about £100,000 last year. The deficit is likely to continue at that level this year. Mr Plouviez said the funds required to cover its balloting costs would be about £10,000.

Mr Plouviez, with other Equity officials, is understood to be strongly opposed to his council's decision. He said he believed the TUC could not move against the union until after the April 5 conference.

On past practice the TUC will be reluctant to suspend or expel Equity. If the union continues on its course it will probably be called before the General Council to explain its position and be urged to change its position before moves to expel it are started.

Continued from Page 1

Power-sharing

relevant to other regions of the Republic.

The report comes as the Government is encouraging a national debate about a new South African constitution.

It has appeared only a week after the National Party was split on the issue of "power sharing," by which the Government means the future role of the Coloured and Asian communities — but not the black majority — in the national system of government.

The Government's own President's council has been investigating these constitutional issues and will produce recommendations for publication in mid-May. Mr P. W. Botha, the Prime Minister, will then have to decide whether to press ahead with some sort of representation for Coloureds and Asians in parliament.

Such a move would be fiercely contested by the right-wing, both inside and outside his party.

The Buthelezi Commission offers a dramatically different alternative. It rejects the Government's system by which the blacks are expected to satisfy themselves with self-rule in the homeland states such as Kwazulu, and describes a system of regional interdependence for Kwazulu with Natal.

It opts for a non-racial government with guaranteed representation and rights for minorities.

● Mr F. W. de Klerk, South Africa's Mineral and Energy Affairs Minister, was yesterday elected to the powerful post of leader of the Transvaal Provincial National Party in succession to the recently expelled Mr Andrie Treurnicht.

Mr de Klerk's election by unanimous vote followed a dramatic split during the past two weeks which has seen former Minister Dr Treurnicht and 15 other MPs expelled from the governing National Party.

Continued from Page 1

Spending

freely conceding that the 1983 *budget will be drastically revised* by Congress.

Some have suggested the President may have to retreat from his uncompromising opposition to reductions in defence spending. However he would "fight to the limit" any attack on the programme of personal tax cuts, culminating in the controversial 10 per cent cut planned for July, 1983.

A Newsweek poll released on Saturday showed 70 per cent support for the idea of postponing the tax cut. It also showed President Reagan's general popularity rating to have fallen to 45 per cent, from 52 per cent in January.

Mr Donald Regan's willingness to reconsider future indexation of personal tax brackets is the strongest gesture of concern yet made by a senior administration official. However, it would have an impact only from 1985 onwards and would be acceptable only if it were clear that the additional revenues would be used to cut budget deficits

President Reagan lunches with Republican Senators tomorrow.

Although he can expect a critical reception, he may be able to exploit their disunity.

While all are convinced the deficits need to be reduced, there are still major differences about whether it would be acceptable to tamper with personal taxes.

Telephone equipment talks

Continued from Page 1

rival Japanese company which already owns a UK television plant, was chosen to supply the Post Office with trial samples of a new low-cost facsimile machine.

Matsushita has said it would be prepared to team up with a British partner to make the machines in the UK if the Post Office ordered them in large numbers.

That would conform with Government insistence that foreign telecommunications companies allowed to sell in the UK offer some form of reciprocity. In practice this means agreeing to make locally or to assist British makers to gain wider access to foreign markets.

The British exchange which NEC is considering making is a version of the Monarch PABX made by the General Electric Company (GEC) and Plessey. The exchange is adapted for use in rural telephone networks.

It is thought unlikely that NEC will make the exchange in Japan. More probably the exchange will be produced under licence by one of the company's numerous subsidiaries in South-East Asia or Latin America.

In spite of pressures to open Japan's telecommunications market to outsiders, few order have been awarded to foreign makers and competition among Japanese suppliers is intense.

Weather

UK TODAY

RAIN spreading from West. Windy in North.

Wales, Channel Isles, Orkney and Shetland, NW, SW England and S. Scotland
Rain. Brighter with showers later. Max 8C (46F).

N, E and Central England
Rain. Max. 10C (50F).

SE England
Dry. Sunny intervals. Rain later. Max 10C (50F).

Rest of UK
Showers. Sunny intervals. Max 8C (46F).

Outlook: Changeable. Temperatures near normal.

WORLDWIDE

	Y'day midday	°C	°F		Y'day midday	°C	°F
Ajaccio	S	12	54	L. Ang.†	C	12	54
Algiers	S	17	63	Luxmbg.	S	2	36
Athens	R	11	52	Luxor	S	26	79
Bahrain	—			Madrid	S	13	55
Barcelona	—			Majorca	S	17	63
Beirut	S	17	63	Malaga	S	17	63
Belfast	S	7	45	Malta	C	14	57
Belgrd.	F	7	45	M'chstr	C	6	43
Berlin	S	4	39	Melbne	—		
Biarritz	C	10	50	Mx. C.†	—		
Bmghm.	C	6	43	Miami†	—		
Blackpl.	C	6	43	Milan	C	7	45
Bordx.	R	6	43	Montrl.†	Sn	−2	28
Boulgn.	S	6	43	Moscow	Sn	−2	28
Bristol	C	6	43	Munich	S	2	36
Brussels	S	6	43	Nairobi	F	28	82
Budpst.	S	6	43	Naples	F	12	54
Cairo	S	22	72	Nassau	—		
Cardiff	C	6	43	Nwcstl.	F	8	46
Cas'b'ca	F	11	52	N York†	F	1	34
Cape T.	S	24	75	Nice	S	11	52
Chicg.†	—			Nicosia	S	15	59
Cologne	F	6	43	Oporto	S	13	55
Cpnhgn.	S	4	39	Oslo	S	2	36
Corfu	R	11	52	Paris	S	3	37
Denver†	S	−7	19	Perth	S	22	72
Dublin	S	8	46	Prague	S	3	37
Dbrvnk.	S	15	59	Rykjvk.	S	4	39
Edinbgh.	S	8	46	Rhodes	S	16	61
Faro	S	19	66	Rio J'o†	—		
Florence	C	6	43	Rome	F	12	54
Frankft.	S	5	41	Salzbrg	S	5	41
Funchal	F	17	63	S'cisco†	C	11	52
Geneva	F	3	37	S. Mritz.	—		
Gibrltr.	F	16	61	Singapr.	F	31	88
Gl'sg'w	S	8	46	S'dago†	—		
G'rnsey	C	5	41	Stckhm.	F	5	41
Helsinki	C	1	34	Strasbg.	S	5	41
H. Kong	R	17	63	Sydney	—		
Innsbrk.	F	3	37	Tangier	S	17	63
Invrnss.	S	7	45	Tel Aviv	—		
I.o.Man	S	8	46	Tenerife	S	20	68
Istanbul	C	6	43	Tokyo	C	8	46
Jersey	C	5	41	Tronto†	C	−5	23
Jo'burg	—			Tunis	F	12	54
L. Pims.	F	20	68	Valencia	S	15	59
Lisbon	S	14	57	Venice	C	6	43
Locarno	S	7	45	Vienna	S	3	37
London	S	9	48	Zurich	S	3	37

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.